

Bombing Arrests Eased Strain on Police in Belgium

By Steven J. Dryden
International Herald Tribune

BRUSSELS — Belgian police, faced with mounting criticism over their failure to stop a 14-month bombing campaign, have had their first breakthrough with the arrests of four suspected leftist guerrillas.

The four were said to be members of the Fighting Communist Cells, the group that has claimed responsibility for the campaign. Two people have died in 27 attacks by the group on North Atlantic Treaty Organization targets, U.S. military contractors and Belgian business and government offices.

But not all the concern among Belgians about security has been prompted by the law enforcement authorities' failure to stop the Fighting Communist Cells.

In July, the government of Prime Minister Wilfried Martens almost collapsed following a parliamentary report that blamed the Interior Ministry for security lapses at the European Cup Soccer Final in Brussels in May. Thirty-nine people died at the game in clashes between English and Italian fans.

This fall, the public was startled by the reappearance of a gang of supermarket robbers who methodically shot down bystanders during holdups. The gang, which killed 17 people in attacks in September and November, has been linked to several other multiple slayings since 1982.

Police so far have made little apparent progress in finding the members of that gang, whose tactics have led some criminologists to speculate that they are acts of politically motivated terrorism.

The incidents, along with the bomb attacks and a rise in other crime, have left many Belgians fearful that their country's reputation for tranquility is a thing of the past.

"Belgium, which has the highest percentage of cops in the European Community, is today a kind of laboratory of failure in crime-stopping," a national magazine commented recently.

It was in this context that Justice Minister Jean Gol emphasized Tuesday that the capture of Pierre Carette, a suspected leader of the Fighting Communist Cells, was "not the result of luck" but of good police investigatory work.

Mr. Carette, 33, a former printer and the son of a security services agent, was arrested Monday afternoon in a fast-food restaurant in the southern city of Namur along with three other suspected members of

the group, which is known as the CCC after its French name. All four of the suspects are Belgian.

The authorities said that they found Mr. Carette by secretly following one of the suspects, Pascale Bandegeerde, after she was spotted by police earlier in the day in the nearby city of Charleroi.

Mr. Carette has been linked by police to the French leftist group Direct Action, as well as to a June 1979 bombing in southern Belgium that nearly hit a car carrying General Alexander M. Haig Jr., then the NATO commander.

Police who followed Miss Bandegeerde also were led to an apartment in Charleroi that they described as a hideout of the guerrilla group. They said they found papers in the apartment claiming responsibility for recent attacks, as well as plans for future bombings.

Although Mr. Gol and other Belgian officials expressed satisfaction with the arrest, they indicated that other members of the group were still at large.

The Brussels newspaper *Le Soir* said further attacks were possible since the group is believed to possess a large amount of explosives that were stolen from a quarry south of Brussels last year.

At the beginning of their bombing campaign, the Fighting Communist Cells were cautious in their tactics, planting the explosives in the middle of the night. But in recent weeks, the guerrillas have walked into downtown banks and business offices during working hours and left the time bombs along with leaflets warning of the impending explosion.

Encouraged by almost weekly bombings by the group this fall, the government took the unusual step of mobilizing six companies of army commandos to assist the police.

But criminology and terrorism experts say that fundamental changes are needed in the police force.

Police and government officials admit that despite serious outbreaks of terrorism in neighboring countries such as West Germany and Italy in the 1970s, Belgium failed to prepare its security forces to fight that kind of threat.

"Belgians could never believe something like this could happen here," said Christian Lepage, a Brussels police commissioner. "We thought we knew everything."

Mr. Lepage placed part of the blame for police deficiencies on inadequate training and funds. Until 1979, for example, local police forces were not required to send recruits to a training school. Many of them, he said, learned as they worked from older officers.



Windows were shattered at this gas company building on Oct. 8 when a car bomb exploded in Brussels. The Fighting Communist Cells claimed responsibility for the attack.

Church Envoy In Geneva, But Refuses To Say Why

Reuters

GENEVA — Terry Waite, the special envoy from the Church of England who is trying to secure the release of four American hostages held in Lebanon, arrived here Wednesday but refused to comment on the purpose of his visit.

In response to inquiries, Mr. Waite said: "I don't want to speak. I'm not here."

Diplomatic sources said that Mr. Waite, 46, met informally with officials of the International Red Cross during a brief stop in Geneva early this month and that he intended to follow up the talks.

A Red Cross spokeswoman said only that there were no formal plans for a meeting.

Hotel staff said that Mr. Waite, the lay representative of the Most Reverend Robert Runcie, the archbishop of Canterbury, arrived from London. He was due to leave Friday for Lebanon.

Mr. Waite has been negotiating with the kidnappers in Beirut but has not identified them or any group to which they may belong.

He has said he would try to hold talks next with officials from Kuwait, which has jailed 17 Arab guerrillas on bombing charges. Kuwaiti officials have said they would oppose any deal to free the 17 in return for the Americans' release and Mr. Waite was denied a Kuwait entry visa last week.

The hostages are Terry A. Anderson, a correspondent of The Associated Press; the Reverend Lawrence Martin Jenco, a Roman Catholic priest; David P. Jacobsen, director of the American University hospital in Beirut; and Thomas M. Sutherland, the university's acting dean of agriculture.

In Damascus, meanwhile, rival Lebanese militias started joint talks with Syrian leaders in a fresh attempt to break the stalemate over a plan to end Lebanon's civil war.

The talks followed separate meetings between Vice President Abd al-Halim Khaddam and representatives of the Christian Lebanese Forces militia, the mainly Druze Progressive Socialist Party and the Shiite Amal militia.

Ivory Coast Resumes Ties With Israel

The Associated Press

GENEVA — Israel and the Ivory Coast announced Wednesday that they were resuming diplomatic relations that were severed after the 1973 Middle East war.

The announcement was made after a meeting in Geneva between Félix Houphouët-Boigny, president of the Ivory Coast, and Prime Minister Shimon Peres of Israel.

Mr. Peres said he expected that relations also would be re-established soon with two other African countries, but he declined to name them.

A joint communiqué read by the Israeli Foreign Ministry said that Mr. Peres expressed his support at the meeting "for the policy of dialogue and of peace of President Houphouët-Boigny."

The Israeli prime minister, it said, "expressed his conviction that that policy is applicable also within the context of the Middle East."

The two leaders will put the decision to resume relations before their governments for approval, the communiqué said.

In addition to white-ruled South Africa, the move would increase to seven the number of African countries that have formal relations with Israel. The nation also has ties with Egypt, Malawi, Swaziland, Lesotho, Liberia and Zaire.

Israel also has "interest offices" in a number of other African countries, the Foreign Ministry said.

Correction

In a special report on diamonds published Dec. 10, an article on the investment market overstated the decline since 1980 in the asking price for a one-carat D-Flawless diamond. The correct figure for the drop is 34.5 percent.

DOONESBURY



WORLD BRIEFS

Cyprus Arrests Armed Man at Airport

LARNACA, Cyprus (Reuters) — A man who tried to board an airplane with guns and grenades hidden inside wine bottles in his hand luggage was remanded in custody Wednesday for eight days by a Cyprus court.

Police said they were looking for two other men as possible accomplices in what might have been a hijacking attempt. They said they had arrested Sami Ali Maroun Nasr, 26, as he tried to board Swissair Flight 358, which was on a stopover Tuesday during a Zurich to Amman flight. They said he had a Jordanian passport and was believed to be a Palestinian.

The police said the man had three hand grenades, two pistols, a silencer and 91 rounds of ammunition concealed in Chianti bottles that had been saved off at the base and resealed.

Protests Disrupt Spain's Basque Region

PAMPLONA, Spain (Reuters) — Several demonstrators were killed Wednesday in clashes with the police during widespread protests in northern Spain against the death of a Basque man arrested by the paramilitary Civil Guard, police sources said.

In Navarre province, where the man, Mikel Zabalza, 32, was buried, protesters threw gasoline bombs at police, who fired rubber bullets. Several protesters were injured and a policeman suffered burns. Witnesses said a journalist was taken to a hospital after being beaten by police with riot sticks in San Sebastian.

Four persons were detained in Bilbao, where demonstrators set fire to barricades. A general strike brought the province of Guipuzcoa to a standstill and slowed other Basque provinces. Mr. Zabalza's body was found in the Bidassoa River 19 days after he disappeared while in custody.

Seoul Tells U.S. Reporter to Leave

SEOUL (AP) — Timothy Elder, a Tokyo-based correspondent for The Washington Times, left South Korea on Tuesday after being declared persona non grata and advised by authorities to go quickly.

A South Korean official said that Mr. Elder, 34, had been declared persona non grata and advised by authorities to go quickly.

South Korean officials in Seoul and Washington have vehemently denied the story, saying it was based on "rumors and speculation." The Washington Times is owned by members of the Unification Church, headed by the South Korean evangelist, the Reverend Sun Myung Moon.

Kaunda Urges Effort on African Trade

LUSAKA, Zambia — President Kenneth Kaunda of Zambia urged a group of 15 black African states Wednesday to bury their differences and work together for economic improvement as officials from the countries met to review efforts to set up a free-trade zone.

In Damascus, meanwhile, rival Lebanese militias started joint talks with Syrian leaders in a fresh attempt to break the stalemate over a plan to end Lebanon's civil war.

The talks followed separate meetings between Vice President Abd al-Halim Khaddam and representatives of the Christian Lebanese Forces militia, the mainly Druze Progressive Socialist Party and the Shiite Amal militia.

Zambia, Zimbabwe, Burundi and Tanzania are represented at the two days of talks by their heads of state, while the other countries — Comoro Islands, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Rwanda, Somalia, Swaziland and Uganda — have sent senior ministers.

Kenneth Kaunda

Disunity Among Yugoslav Republics Paralyzes Leadership, Slows Economy

By Henry Kamm

New York Times Service

cal force admits that its own appeal is waning.

Yugoslavia's economic problems are severe and its political disorder is complex. Yugoslav officials, like foreign diplomats here, say they see little chance of reversing the economic decline or of restoring unity.

Yugoslavia has a foreign debt of \$20 billion. Since 1980, real wages, the measure of purchasing power, have declined by nearly one-third. Most households in this nation of 22.6 million people are significantly worse off today than they were five years ago. Unemployment stands at 1.2 million, or 13 percent of the labor force.

"Elected for terms ranging from one to four years, the president, Radovan Vlajkovic; prime minister, Milka Planinic; and party chief, Vidoje Zaric, hold their posts in comparative anonymity until they are relieved by others whose names are equally unfamiliar to the average citizen.

Real power resides in the republics and provinces, whose legislatures tell their members of the Federal Assembly how to vote. Laws must be passed by "consensus," meaning, in fact, unanimity.

Announcing the government's program for economic change at a news conference in November, Mr. Kovacevic said: "I am not sure that parliament and the public will fully accept these measures."

The program was produced under pressure from the International Monetary Fund, creditor governments and the 610 commercial banks to which Yugoslavia owes \$20 billion.

Mr. Kovacevic seemed to be understanding the situation. The separate interests of Yugoslavia's regions preclude the adoption of most of the program in its present form.

Mr. Kovacevic, an economic specialist who studied in the United States, noted this when he said that the differences between Slovenia, the most developed republic, and Kosovo, the least developed province, were greater than those between the United States and Yugoslavia.

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Eagan Vetoes Bill to Limit Textile, Shoe Imports

By Stuart Auerbach
Washington Post Service

WASHINGTON — President Ronald Reagan has vetoed a bill that would have sharply limited imports of textiles, shoes and copper from the United States.

Reagan delayed the action late Tuesday night to avoid alienating members of the House of Representatives whose art he was seeking an legislation to overhaul the tax system.

"damaging effects" of the bill would soon be felt by every American in the form of higher prices and shrinking economic growth," Mr. Reagan said in his message that circulates.

A White House official said the

bill, as approved by Congress, would have rolled back textile and clothing shipments from the three leading suppliers — Taiwan, Korea and Hong Kong — by as much as 30 percent.

The growth of textile shipments from nine other major suppliers, all Asian countries with the exception of Brazil, would have been limited permanently to 1 percent a year. Shoe imports would have been limited for eight years to 60 percent of the U.S. market, and luggage imports also would have faced restrictions.

A White House official said the

president delayed his veto because "it would just cloud things up" to deal with a trade bill that had strong support in the Senate and House in the midst of the tax debate. The president, who faced a midnight Tuesday deadline for his veto, signed it shortly before 11 P.M.

The legislation had become the weapon for a bipartisan attack on the U.S. trade deficit, which is expected to soar to a record \$150 billion this year. Imports were blamed for factory closings and losses of manufacturing jobs. Supporters of the measure said imports had eliminated 356,000 jobs in the U.S. textile, shoe and copper industries.

In anticipation of the veto, Car-

los Moore, executive vice president of the American Textile Manufacturers Institute, vowed the legislative battle would continue. "We are not going to go away," he said.

Despite the bill's strong support in Congress — at one point more than half the Senate and two-thirds of the House had lined up as co-sponsors — a presidential veto was never in doubt. White House aides opposed the bill in Congress, calling it highly protectionist.

"It is my firm conviction that the economic and human costs of such a bill run far too high — costs in foreign retaliation against U.S. exports, loss of American jobs, losses to American businesses and damage to the world trading system of which our prosperity depends," Mr. Reagan said in the draft veto message.

Mr. Reagan tried to placate the import-battered textile industry in his draft message while ignoring the complaints of shoe and copper makers.

According to the draft, he ordered Commerce Secretary Malcolm Baldrige to investigate textile industry charges that imports are surging into the United States in amounts greater than allowed by international agreements.

Mr. Moore of the textile institute said textile imports had doubled since 1980 and now accounted for 45 percent of U.S. retail sales.

Mr. Reagan said he would tighten administrative and enforcement procedures if the industry charges proved true.

The president also directed Trade Representative Clayton Yeutter to take a strong stand in negotiations that have just started for a new international pact covering trade in textiles and apparel called the Multi-Fiber Arrangement.

Mr. Vander Jagt said many others changed their position because they felt that they had won the battle even before the war was over. They had persuaded the president to visit Capitol Hill on Monday and to acknowledge the oft-ignored House Republicans as players in Washington politics.

"That way, people can vote for a bill they may not like and say: 'We won,'" Mr. Vander Jagt said.

lattery Was Tool in Winning Tax Bill Converts

By Dale Russakoff
Washington Post Service

ASHINGTON — President Ronald Reagan may have wanted tax cuts when he invited Representative Steven Gunderson to Oval Office early Tuesday, but young Republican congressmen from dairy country wanted to cows. So they did.

By the time the session was over, a man had what they wanted. Gunderson knew Mr. Reagan would sign the farm bill sought by rural Wisconsin district; Mr. Reagan knew Mr. Gunderson would try to rescue sweeping overhaul legislation in the use.

"I told him my farmers needed a tax cut in agriculture," said Mr. Gunderson, 34, "and so I think it's only right to give the president a chance on tax reform. I think it's a sensible way for adults to use."

And that's the way business was Tuesday: up and down the Republican and Democratic aisles of the House as Mr. Reagan and his Democratic leaders picked the votes needed to resuscitate a bill that many members said they wished would go away.

In a surprise move only a week ago but 14 House Republicans joined against the president and his Democratic leaders picked the votes needed to resuscitate a bill that many members said they wished would go away.

On Tuesday, Mr. Gunderson and 53 other priests, including such

leaders as Representative Jack F. Kemp of New York, reversed themselves and supported the president.

Few of the Republican converts they changed their opinion of tax bill's merits. Mr. Gunderson called it "awful." Representative Henry J. Hyde of Illinois said "despised" it. Representative Vander Jagt of Michigan said it "seriously flawed."

But most said they felt they had something from Mr. Reagan, a little attention, a promise to the bill unless the Senate extends it, or, in cases like Mr. Gunderson's, a special favor for a use member or his district.

Never mind that Mr. Reagan never would have signed the bill anyway or that Mr. Gunderson already had decided out of loyalty to Mr. Reagan to vote for the tax bill.

Never mind, also, that Demo-

Many Republicans lined up behind the bill because the president finally had treated them as players in Washington politics.



Steven Gunderson

cratic and Republican converts appear to have heard contradictory messages in the president's pronouncements. On Tuesday, each side needed the other, and almost nobody came away feeling empty-handed.

Mr. Kemp, a leader of last week's minority, voted "yes" Tuesday because he said he believed Mr. Reagan would veto the bill unless the Senate changed it. Representative Wyche Fowler, Democrat of Georgia, said he switched to the "yes" column because he thought Mr. Reagan was bluffing.

"I just don't believe anything I hear about this bill from now on," Mr. Fowler said.

Mr. Vander Jagt said he voted for the legislation because he expects the Senate to make the bill more Republican. At least two Democrats said they did so because they hope the Senate will kill it.

Some senators came back to the Reagan fold for reasons that might repel the president. Representative Silvio O. Conte, Republican of Massachusetts, for example, said he hopes the Senate will use the bill as a vehicle to raise taxes and reduce the deficit.

Administration officials said Tuesday that the proposals were part of a \$50-billion package of spending cuts and fee increases needed to hold the 1987 deficit to \$144 billion, the maximum allowed by a new law aimed at balancing the budget by 1991.

The administration's budget for fiscal 1987, which begins next Oct. 1, will not become public until it is submitted to Congress in February. The decisions have been tentatively approved by Mr. Reagan but are subject to change until then.

Mr. Conte, sporting a Reagan-signature tie clasp, and his vote did not signal new loyalty to the White House.

"Five years they've been in office. They've given me zilch. I've gotten nothing except this tie clasp," he exclaimed, waving a cigar.

But some Republicans said they had gotten something to write home about. Representative George W. Gekas, Republican of Pennsylvania, agreed to vote "yes" after Treasury Secretary James A. Baker 3d promised last week to study his proposal to stagger the filing dates for income tax returns.

An aide to the congressman said Mr. Gekas helped block the bill last week largely because it allowed for no consideration of his plan on filing dates.

Reagan's '87 Budget Would Halt Aid To Farm Service, End Commerce Panel

By Robert Pear
Washington Post Service

WASHINGTON — President Ronald Reagan's draft budget for the 1987 fiscal year would reduce the staff of the Social Security Administration, abolish the Interstate Commerce Commission and end federal support for the agricultural Extension Service.

The commerce commission established in 1887 is the oldest federal regulatory agency. The Extension Service gives technical and scientific advice to farmers.

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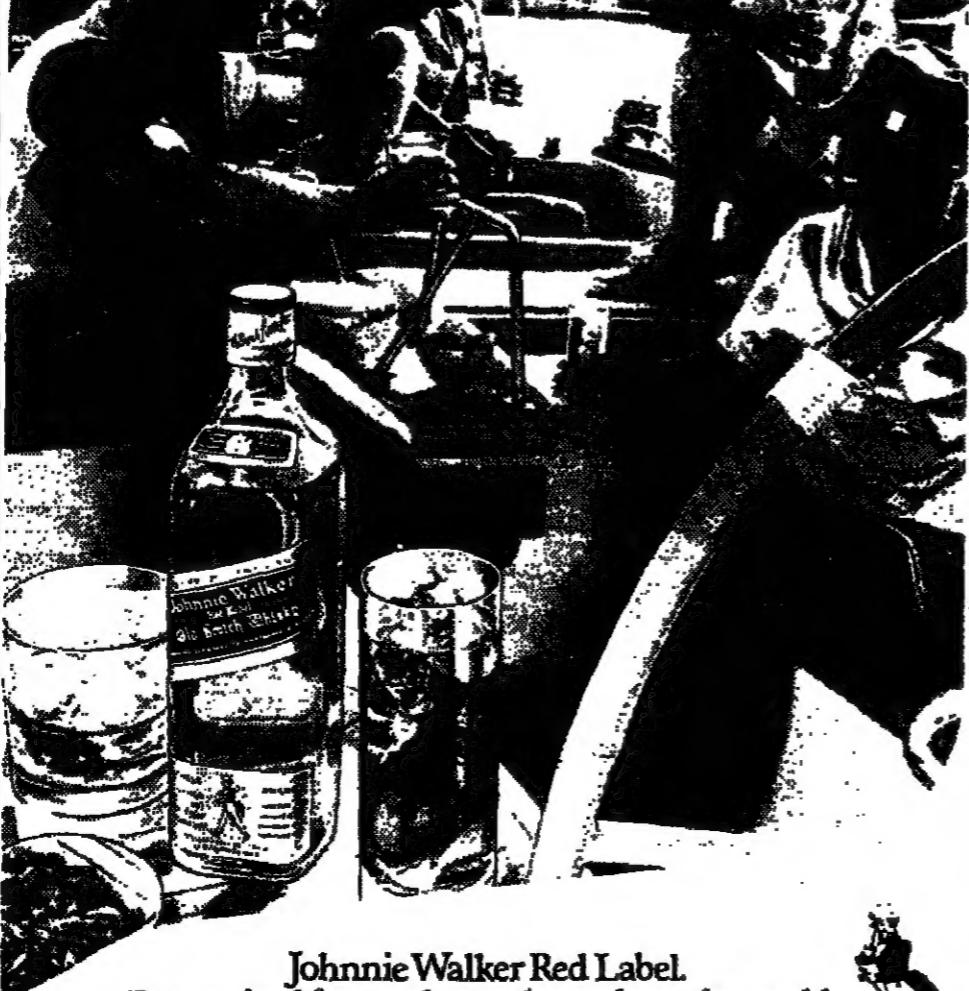
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SALUTE TO DC-3 — The workhorse of the air, the Douglas DC-3, is marking its 50th anniversary. The first test flight of the twin-engine transport, nicknamed "the gooney bird," was over Santa Monica, California, on Dec. 17, 1935. From left, Donald W. Douglas Jr., board member of McDonnell Douglas Corp.; Arthur Raymond, one of the plane's designers; and Bailey Oswald, an aerodynamicist on the original plane.

Bill Would Trim Exclusion, Subject Americans Abroad to Minimum Tax

By Robert C. Siner
International Herald Tribune

WASHINGTON — The tax reform bill passed by the House of Representatives on Tuesday would reduce the \$80,000 earned income exclusion for Americans living abroad to \$75,000 and subject all taxpayers who use the exclusion to a minimum tax.

If the tax bill is approved by the Senate and signed by President Ronald Reagan, these provisions could significantly raise the tax burden for many Americans working overseas.

The Reagan administration, however, is expected to push its own version of tax revision when the Republican-controlled Senate takes up the subject next year. That includes 177 federal employees and 16,000 state and county workers.

Revenue sharing helps local governments pay for goods and services ranging from police protection and day care to computers and research transit.

Revenue sharing and the Extension Service are two of the most pervasive federal programs, affecting virtually every U.S. county.

While Mr. Reagan's budget does not seek to cut Social Security benefits, it would propose trimming 3,000 employees from the Social Security Administration through attrition, budget officials said.

The agency, which pays monthly cash benefits to 37 million people, now has 78,950 employees.

Under the president's proposal, the Interstate Commerce Commission would go out of business in its centennial year. The agency was created to regulate the rates of railroads, which had been accused of unfair, monopolistic practices.

Since 1935 the commission has had authority to regulate trucking companies and bus lines.

In recent years many economists have said such regulation inhibits vigorous competition.

James C. Miller 3d, director of the Office of Management and Budget, has been a leading proponent of deregulation in transportation and other industries.

The Extension Service, founded in 1914, translates research into

forms usable by farmers and ranchers, and is credited with making a major contribution to productivity. It is part of a cooperative network that includes 177 federal employees and 16,000 state and county workers.

The draft budget proposal was criticized by Lee R. Kolmer, dean of the College of Agriculture at Iowa State University in Ames.

"We spend less for food, in real terms, than any other society in the world," he said. "A major reason is that agriculture in this country has adopted science and technology at a very rapid rate. But new technology doesn't just go from the research laboratory to the point of production without some transfer agent. The Extension Service is the transfer agent."

Earlier, it was disclosed that the draft budget calls for selling the Federal Housing Administration to "private bidders." The agency is basically a giant mortgage insurance company that has provided insurance for \$1 million home buyers in its 50 years of existence.

Only three persons were rescued after the ferry Asuncion sank, the agency quoted the Philippine Coast Guard as saying.

To illustrate how the minimum tax would work, consider a married overseas taxpayer who earns \$120,000 in salary and allowances and has personal exemptions and deductions of \$20,000, leaving \$100,000.

Under current law he would then subtract the \$80,000 income exclusion, leaving \$20,000 taxable income. He would owe about \$2,500 in U.S. income taxes.

The minimum tax could be reduced by applying credit for income taxes paid to a foreign government.

Under the minimum tax, the taxpayer would subtract the \$40,000 threshold amount from the \$100,000, leaving \$60,000. His minimum tax would be 25 percent of that, or \$15,000. Using the \$75,000 exclusion, he would find his U.S. tax would be about \$3,300. But he would have to pay the greater of the two, or \$15,000.

If the new rules are enacted, the taxpayer would subtract the \$40,000 threshold amount from the \$100,000, leaving \$60,000. His minimum tax would be 25 percent of that, or \$15,000. Using the \$75,000 exclusion, he would find his U.S. tax would be about \$3,300. But he would have to pay the greater of the two, or \$15,000.

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Selling of SDI: A Deep Rift Among Researchers

(Continued from Page 1)
Find the best way to convince the public at large and Congress in particular, that we have a viable program, both technically and politically."

From the start, program officials have acknowledged the need for stirring demonstrations. Dr. Gerald Young, the program's chief scientist, told a Georgetown University symposium in September 1984 that one of the plan's biggest challenges would be to build public and congressional support, as well as gaining the support of U.S. allies. The task, he said, called for "visible technology achievements."

In private SDI officials have often used acronyms evocative of salesmanship, especially in planning for highly visible technology tests. The initial name for these was Beacon, for Bold Experiments to Advance Confidence. Later, the name for such a project became STAR, for Significant Technical Achievements and Research.

Of the 1,000 or so contracts and projects in the SDI program, only about 10 reportedly have been selected for STAR roles. The criteria for their selection are whether a project is making scientific gains and whether it can be evocative of technological advances.

"Early on there was a series of Beacons that was rejected as being too showy," said an official of a large aerospace firm, who added: "There is history to show that stunts are helpful, disastrous though they may be in some ways."

Examples are said to include the bouncing of a laser beam off the space shuttle in June, the demolition of a stationary missile during a laser test in New Mexico in September, and the destruction of a mock Soviet missile by a speeding projectile in November.

According to past and present

government officials, a STAR gets a lot of money and attention in a rare public reference to this aspect of the program. Dr. Edward Teller, a key promoter of the anti-missile plan and principal developer of the hydrogen bomb, told a London audience in June that major STAR projects were expected to cost \$500 million to \$2 billion each, and that several were anticipated in the next two or three years.

The chief booster of such demonstrations is the director of the anti-missile plan, Lieutenant General James A. Abramson of the air force, who has argued in speeches and congressional hearings that breakthroughs are being made at an "incredible pace."

Scientists Level Blast of Criticism

In October he told Congress that the New Mexico laser test "demonstrated graphically the lethality of this technology." Also in October, he told the Philadelphia World Affairs Council that "surprising progress" had been made that meant the United States could deploy a workable space shield at least a decade sooner than expected.

Such assertions, however, irritate scientists at the forefront of the anti-missile project, whose research has shown actual progress on putting into effect the president's vision of a "space shield."

"There are some things we can do," said Dr. Miller of the Livermore laboratory, which employs 8,000 workers and scientists. "We probably could build a strategic defense that would be 50-percent effective against the current Soviet threat, and that may be interesting. But we can't do what the president asked for. That's clearly in the re-

search stage. And I'm afraid the public is getting the opinion that it's closer than it really is."

In November's Defense Week, a respected industry publication, researchers leveled an unusual blast of public criticism at what they viewed as overselling. In an article titled "Expert Decries 'Harmful Hyperbole,'" Dr. Cornelius F. Coll III, director of "star wars" system studies at the Livermore laboratory, charged that overstatements by Pentagon officials were imperiling the program. He also argued that estimates of the cost of an anti-missile defense were unrealistically low.

"It's more important to this lab that our technical credibility be sustained than it is that 'star wars' becomes a reality," he added. "There's going to be life after 'star wars.'"

One Metaphor: Captive Chicken

High officials at several federal laboratories in California and New Mexico echoed the complaints of Dr. Coll and Dr. Miller, saying U.S. technical credibility was threatened by sales pitches.

"There is a real danger in this type of atmosphere for certain programs to overpromise," said Dr. Stephen D. Rockwood, director of "star wars" research at the Los Alamos National Laboratory in New Mexico, which employs 7,000.

Dr. Hagenauer of the Sandia laboratory, which has 8,000 employees, said: "The more expensive a program is, and the more it gets to be as fundamental as nuclear weapons, the more impressive the merchandising efforts become."

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Dr. Hagenauer said such salesmanship could imperil the design of experiments, especially those meant to test the destructive power of beam weapons. "There's a desire to have very early demonstrations, to show lethality," he said, adding such tests can be "controversial."

"If, for example, one was going to demonstrate the lethality of microwaves, one could put a digital watch in the horn of a microwave generator, blow the watch apart, and say microwaves kill watches," he said. "For the lay public and Congress, that might be impressive."

"But," he added, "it's actually far removed from reality, and interferes in a way with more thoughtful experiments. These demonstrations have the potential to be what we call strap-down chicken tests, where you strap the chicken down, blow it apart with a shotgun, and say shotguns kill chickens. But that's quite different from trying to kill a chicken in a dense forest while it's running away from you."

Although Dr. Hagenauer declined to cite specific examples, critics outside the government have pointed to the destruction of a missile in New Mexico in September as more showmanship than science.

The stationary motor casing in the desert was meant to mimic a Soviet missile in flight, according to Pentagon officials. Close-up films and photos of the exploding missile were widely distributed and shown repeatedly on television before the Geneva summit meeting.

The weapon behind that test is known as Miraci, for Mid-Infrared Advanced Chemical Laser. It was built in the late 1970s by TRW Inc. for the navy and was originally meant to investigate defense of U.S. ships from enemy planes and missiles. Congress killed that program. But the Miraci laser was later resurrected by the Pentagon for laboratory tests, and in 1984 was assembled at the White Sands Missile Range in New Mexico, top-secret, \$300-million installation.

But anonymous rebels soon objected to the purported advances, risking jail sentences to give journalists top-secret details of failed nuclear X-ray laser tests. In its Nov. 8 issue, *Science* magazine, a respected scientific journal, reported that a key X-ray focusing element had proved defective and had failed in an experiment at the Nevada nuclear weapons test site.

In addition, the journal said, a key monitoring device had been miscalibrated, rendering the results of earlier tests uncertain. Further disclosures to the press revealed that the government intended to proceed with its next X-ray laser test although the design flaw had not been eliminated.

On Dec. 6, 30 members of Congress sent a letter to Defense Secretary Caspar W. Weinberger urging him to postpone the test, which was to cost \$30 million, until the problem could be fixed. They also asked for an "immediate" briefing on the X-ray laser program, including the experimental flaw.

Federal officials have publicly confirmed that there are unresolved technical problems in the X-ray laser experiments, but they have characterized them as minor.

With the X-ray laser and anti-missile tests in general, dissident scientists contend that serious research is threatened with distortion by the rush to impress the president, Congress and the American public with anti-missile feats. General Abramson, the program director, denies this.

"This advance gives us greater confidence in our ability to focus the laser beam into a small spot at long range," General Abramson told the Philadelphia World Affairs Council, naming it as one of the program's "world-class breakthroughs."

Critics outside the government, however, note that in space an anti-missile laser would have to fire its beam thousands of miles. They add that for decades big lasers have been used to burn holes in metal over short ranges.

On another score, these critics say, the Miraci test was misleading. "The impression was that the laser blew it apart," said John E. Pike, head of space policy for the Federation of American Scientists, a nonprofit group based in Washington that is skeptical of the anti-missile plan. "But it was the gadget at the top, the cross bar that was ostensibly there for dynamic loading, with the cables pulling down, that caused it to fly to pieces. The test looked much more impressive than it was."

Air Gun Splinters Missile Mock-Up

In November, a different test was publicized when General

Abrahamson told a space technology conference in Colorado that the anti-missile program had recently succeeded in destroying a one-third-sized mockup of a Soviet SS-18 missile.

Displaying a photograph of the splintered booster, he said the test demonstrated the anti-missile potential of the electromagnetic railgun, an experimental kinetic energy weapon that could be based in space. The audience, including hundreds of Pentagon officials, military industry executives and reporters, broke into applause at the sight of the crumpled booster.

But in response to questions at a much smaller briefing later, General Abramson revealed that the damage had not been done by an electromagnetic railgun but by a hardened projectile fired from an air gun. The modern air gun was developed in France in the early 18th century.

Critics Risk Jail, Report Failures

Dissidents in the Pentagon's anti-missile program generally condemn their criticism to policy trends. But in one case, however, concentrating development of the X-ray laser, researchers were so upset by what they viewed as exaggeration and hyperbole that they broke the security law.

This X-ray laser device, powered by a nuclear bomb, is meant to fire beams of radiation in space to destroy enemy missiles.

In April, Dr. Teller alluded to X-ray laser breakthroughs in a speech at the University of California. Some time later, according to press reports, he took the news to the White House. Mr. Reagan later directed that an extra \$100 million be channeled into the X-ray laser effort.

But anonymous rebels soon objected to the purported advances, risking jail sentences to give journalists top-secret details of failed nuclear X-ray laser tests. In its Nov. 8 issue, *Science* magazine, a respected scientific journal, reported that a key X-ray focusing element had proved defective and had failed in an experiment at the Nevada nuclear weapons test site.

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"We're trying to run an open program," he said in an interview. "Within the limits of security considerations, we owe the nation procedures that allow people to see what we're doing, the real rate of progress, so they can make their own judgments."

The problem, as some dissident scientists see it, is that visible "progress" must be made no matter how much money is cut. Otherwise, the program's size makes them even more vulnerable. "It happens everywhere, not just SDI," said Dr. Hagenauer of the Sandia lab.

Whether real science or stunts, or

a combination of the two, several future STAR projects are expected to revolve around laser tests on the space shuttle, according to scientists in government and industry. These are to demonstrate the ability to find and track moving targets, in rehearsal for pointing a weapon

at the shuttle's payload. Dissidents in government and industry say there is a push to achieve the fruits of the anti-missile research before the 1988 presidential election. Top federal officials deny this. But in May, Mr. Reagan's science adviser, Dr. George A. Keyworth II, told a meeting of military contractors that "unquestionable proof" of the feasibility of anti-missile defense could be demonstrated by 1988 if the research was "properly streamlined."

After the speech, Dr. Keyworth said he was not speaking of demonstrations of missile interception in space, which he called a gimmick.

"If you put a big laser on a mountaintop and destroy a steel sphere a meter in diameter on another mountaintop a couple of hundred miles away, you've demonstrated technological feasibility a heck of a lot better than with space simulations."

Dr. Keyworth, one of the most ardent supporters of the SDI plan in the Reagan administration, recently announced he will resign his post at the end of the year. He has said he is satisfied with the direction of the program.

In the next few years increasingly showy laser demonstrations will probably be performed in the New Mexico desert, according to scientists in government and industry. The Miraci laser, they say, is being equipped with a large beam director that will allow it to fire at moving targets, like large missiles.

Whether such exhibitions as pointing lasers out of the space shuttle and destroying missiles in the New Mexican desert will constitute "unquestionable proof" of the feasibility of the "star wars" defense, as Dr. Keyworth put it, is an issue that will be debated not only by Congress and the U.S. public but also by the scientists at work on the program. They say they are already worried by pressures to distort science for the sake of public relations.

Asked what the public should expect from the program in the next two or three years, Dr. Hagenauer said this: "I expect they will not see the leaps and bounds in the technology they were promised. Their patience will wear thin, and that will be an added stimulus to stunts and demonstrations."

TOMORROW: The overall military equation and the Soviet response.

Shape of Future: Public Relations

Originally such tests had been grouped together under a Pentagon program titled Talon Gold, which was to have had a single space-based test aboard the space shuttle in 1988. But Pentagon officials had killed that program and created a new one in which a series of pointing tests on the shuttle are scheduled for 1986, 1987 and 1988.

"You don't want to do things together in an end-to-end system," said Dr. Hayee, formerly with the White House. "Too many things can go wrong. You need to demonstrate the components."

At the Pentagon's request, these shuttle tests are to be publicized, according to officials of the National Aeronautics and Space Administration. Such openness is a break with official Defense Department policy, which calls for military shuttle missions and experiments to be classified as secret.

Periodically, the new openness means that routine launches of military communications satellites will be kept secret while tests of advanced weapons will be displayed in public. Starting in 1986, there are to be two major shuttle-based experiments for the anti-missile program each year, according to NASA officials.

During one shuttle mission, laser beams fired through a window of the European-built Spacelab are to strike one or more large mirrors mounted in the shuttle's payload bay, and then be reflected toward satellites or other targets, according to the magazine *Aviation Week and Space Technology*.

"Aside from its technical objectives," the magazine said, quoting authoritative Pentagon sources, "the mission is designed to show that the SDI project can produce significant results while building momentum to justify long-term continuation of the multibillion-dollar research effort."

The dissidents in the anti-missile program say real gains are being made, especially with neutral-particle beams and free-electron lasers, technical areas that have received little publicity so far. They add

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Research in Africa Shows AIDS Now Posing a Risk to Newborns

By Lawrence K. Altman
New York Times Service

PARIS — Researchers have found more corroborating evidence that AIDS is spreading in Africa to point that it poses substantial risks to newborn infants, and that it acts about as many women as it is primarily by heterosexual intercourse.

The evidence comes from studies in Zambia, American and Canadian researchers involved in small groups of pregnant women and newborn infants, as well as individuals with sexually transmitted diseases and a variety of other medical conditions, according to Subhash K. Hira of the University Teaching Hospital in Lusaka, Zambian capital.

Of 143 women who gave birth at University Teaching Hospital in Lusaka, 17, or 12 percent, had antibodies to the acquired immunodeficiency syndrome virus, an indication of prior infection. These 17 were birth to 15 infants who had antibodies to the AIDS virus. None of the babies born to the other 126 women showed evidence of such infection. Dr. Hira said in an interview.

Because many people may be carriers of the AIDS virus without coming ill, and still others may develop symptoms until years or even decades after infection, it is not known how many of these women and infants will develop AIDS. Additional cases might be found later because infants can acquire the AIDS virus in nursing mothers who are infected.

Further studies are being done to determine how many, if any, of the mothers and 15 babies had false results that could result from a test.

immunological factors that normally change in pregnancy and the first few months of life, Dr. Hira said.

One component of the studies concerned apparently healthy people. Of 100 who had annual physical checkups, blood tests showed that 15 had evidence of the AIDS virus. Of these 15, two could have become infected through blood transfusions, two were bisexuals and two had had anal sexual relations at least once.

Other parts of the studies have shown that in Lusaka there is "almost an epidemic of herpes zoster," or shingles, Dr. Hira said. Doctors throughout the world have noted that shingles is one of the opportunistic infections that strike AIDS patients with unusual frequency.

Of the approximately 1,800 patients examined over the last three and a half months in a clinic specializing in sexually transmitted diseases, 120 patients, or 15 percent, have had shingles. This figure compares with 91, or one-half of 1 percent, of the 3,310 patients treated in the same clinic from 1979 to 1982.

Blood samples taken from 53 of the most recent shingles cases showed that 25, or 47 percent, had evidence of infection by the AIDS virus. The AIDS blood test was not developed until last year, so a comparative figure from 1979-82 is not available.

The researchers found this evidence of infection with the AIDS virus among small groups of individuals affected by various other conditions:

• Forty-five of 63 people (71 percent) who suffered from unexplained swollen lymph nodes for more than two months.

• Nine of 13 patients (69 percent) with Kaposi's sarcoma.

• Three of four persons suffering from tuberculosis that had spread throughout their bodies.

• Both of the two patients who had suffered from unexplained chronic diarrhea for more than two months.

• Both of the two persons with unexplained acute weight loss.

But only one of 41 patients with leprosy, or less than 2 percent, had evidence of infection with the AIDS virus. These 41 people had been in a leprosy hospital for more than three years. Because they had been isolated from society, Dr. Hira said, he interpreted these findings to mean that the AIDS virus was introduced into Zambia only recently. He also said that the tests could have falsely yielded negative results because of leprosy's immunology.

Dr. Hira said that evidence of the AIDS virus was found in about the same proportion of men and women.

The fact that none of 125 persons tested said they were bisexuals and only two said they had engaged in anal sex supported the thesis that AIDS in Africa is spread through vaginal sex, Dr. Hira said. Seven who had received transfusions could have contracted AIDS through contaminated blood.

Some researchers theorize that the AIDS virus may spread more easily among heterosexuals in Africa who have sores from syphilis and other sexually transmitted diseases. According to the theory, breaks in the skin from the sores allow the AIDS virus to enter the body more easily than through intact skin. Dr. Hira said that 51 of the 125 had had sexually transmitted infections in the past.

• Forty-five of 63 people (71 percent) who suffered from unexplained swollen lymph nodes for more than two months.



Brian G. Chambers, left, and Kevin J. Barkow, right, in Kuala Lumpur, where Malaysia's Supreme Court rejected an appeal to commute their death sentences on drug charges.

Malaysia Upholds Australians' Death Sentence

Agence France-Presse

KUALA LUMPUR, Malaysia — The Malaysian Supreme Court rejected Wednesday an appeal by two Australians who were sentenced to death for trafficking in heroin.

A three-judge panel ruled that there was no miscarriage of justice in August when the Penang high court convicted Brian G. Chambers, 28, a building contractor from Sydney, and Kevin J. Barkow, 27, a British welder from Perth, on trafficking charges.

The two men were arrested at Penang in November 1983 with 179 grams (about 4 ounces) of heroin in a suitcase. Each accused the other of putting the drugs in the bag.

They would be the first Westerners to be hanged under 1983 amendments to the Malaysian Dangerous Drugs Act, which made the death sentence mandatory for anyone possessing 15 or more grams of heroin or morphine, or 200 or more grams of marijuana or hashish.

In Canberra, the Foreign Affairs Department said that Foreign Minister William Hayden would appeal to Malaysian authorities to commute the sentences to life imprisonment. In London, relatives of Mr. Barkow were petitioning the British government to seek clemency.

"Yes, I think they are out to make an example of me," Mr. Barkow said in answer to journalists' questions after the verdict was delivered. "Isn't that what I was told by everyone these past two years?"

Both men will make a final appeal to the Pardons Board in Penang state, where they were arrested and convicted, their lawyers said.

Thirty-three persons, most of them Malaysians, have been hanged for drug offenses since 1973. Four others, including a French secretary who was convicted before the mandatory death sentence was introduced, have had death reduced to life terms. More than 50 others are on death row pending appeals.

The stiff penalties, perhaps the toughest in the world, are aimed at curbing the spreading addiction to heroin and other hard drugs among Malaysia's 16 million residents. The laws assume that people who are caught possessing more than the minimum amount of drugs intend to sell them.

Filipinos Begin to Wonder Whether Election Will Be Held

(Continued from Page 1)

Mr. Marcos submitted a letter of resignation to the National Assembly on Nov. 11 with the stipulation that the resignation would take effect only upon the assumption of office by the winner of the election.

In this way, he managed to remain in office and employ the full powers of the presidency during the election campaign.

His political opponents immediately branded the maneuver unconstitutional, but they agreed to contest the election anyway.

The petitions before the court have been filed by opposition politicians and groups such as the Philippines National Bar Association and the Concerned Women of the

Philippines. They are said to want the constitutional issue settled before the fact so that it can not be used to annul the results after the voting.

Ten of court's 13 justices, all of whom have been appointed by Mr. Marcos, must rule against its constitutionality for the election to be called off. If they do so, politicians here see various possible scenarios.

One that has been mentioned in the court proceeding is the possibility that an election could be replaced by a national referendum on the continued tenure of Mr. Marcos, who will reach his 20th anniversary in office this month. Such a referendum might be held to coincide with nationwide local elections set for May.

Such a move would eliminate the direct challenge of Mrs. Aquino. The main issue in her campaign, however, is the removal of Mr. Marcos and she could continue to campaign against him in a referendum.

Another possibility is that the presidential election would be called off but the vote for the vice president could proceed. This would pit Mr. Marcos's running mate, Arturo M. Tolentino, a former foreign minister, against Salvador H. Laurel, a former senator.

A third scenario was suggested by Mr. Marcos last week when he

said that if the court ruled against the election he would appeal, but if he lost the appeal the vote would then take place only upon the expiration of his six-year term in 1987.

But at least one opposition politician, Homobono Adaza, is predicting that the president might feel he needs to introduce some form of state of emergency to contain the reaction to such a move.

Mr. Pelaez predicted in court that frustration over any calling off of the election could plunge the country into chaos.

And in an editorial Wednesday, an independent newspaper, the Inquirer, said of the election, "Many Filipinos perceive it as the last

chance of democracy to survive in this troubled country. Crushing people's high hopes now might lead to the inevitable slide toward non-democratic options for change — a bloody civil war or revolution."

The stiff penalties, perhaps the toughest in the world, are aimed at curbing the spreading addiction to heroin and other hard drugs among Malaysia's 16 million residents. The laws assume that people who are caught possessing more than the minimum amount of drugs intend to sell them.

Regional Group Defeats Gandhi's Party in Assam

(Continued from Page 1)

Fourteen national Parliament seats were also being contested, but these returns were still incomplete Wednesday. The Assam election will not materially affect the Congress party's 80-percent majority of the 527 seats in Parliament.

The turnout had been unusually high, reflecting an extraordinary amount of interest in the election — by some accounts, as high as 80 percent of almost 10 million eligible voters.

The prime minister campaigned several times in the state, promising to increase economic aid and asserting that only his party could curb ethnic and religious hatreds. He warned against the proliferation of regionally based parties.

By all accounts, he wanted to win the election and was under some pressure from party members to produce a victory. The party did better in several scattered by-elections on Monday around the country.

At stake in Assam were 126 seats. Early returns showed the Assam People's Front having won 26 seats and leading in about 30 others. The Congress (I) Party had won only 10 seats and was leading in fewer than 20 others.

The Moslem-dominated United Minorities Front won three seats and was leading in about 10 others. Other voters went to the Communist Party, various parties of the indigenous tribespeople and the Congress (S) Party, a splinter of Mr. Gandhi's party.

Honda Union Vote In Ohio Is Delayed

New York Times Service

WASHINGTON — The National Labor Relations Board has indefinitely postponed a union representation vote scheduled for Thursday at a Honda plant in Ohio after the United Automobile Workers formally charged the company with an unfair labor practice.

The complaint, filed Dec. 13 in Cleveland, accused Honda of illegally interrogating workers about their attitudes toward unions, allowing anti-union material to be distributed on company time and granting increased holiday and vacation benefits to discourage union activity.

Honda officials at the plant in Marysville, Ohio, have denied the charges. Shige Yoshida, executive vice president of Honda of America, said the union had "violated" the company's "atmosphere of respect by using these manufactured charges to delay a vote."

2d Strike at The Guardian
The Associated Press
LONDON — The Guardian, one of Britain's 10 national morning newspapers, failed to appear Wednesday for the second time in two weeks because of a wage dispute by production workers.

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Eduardo Wiesner Durán, Western Hemisphere Director, International Monetary Fund, Washington D.C.

LATIN AMERICAN INITIATIVES TO TACKLE THE DEBT PROBLEM
Jesús Silva Herzog, Finance Minister, Mexico.

Fernando Bracher, Governor, Central Bank, Brazil.

HOW THE INTERNATIONAL FINANCIAL SYSTEM SHOULD ADAPT
Michel Camdessus, Governor, Banque de France.

Robin Leigh-Pemberton, Governor, Bank of England.

HOW MULTINATIONALS HAVE MADE A SUCCESS OF OPERATING IN THE REGION
C.J. van der Klugt, Vice-Chairman, Philips Industries, Eindhoven.

Peter Wallenberg, First Vice Chairman, Skandinaviska Enskilda Banken, Stockholm.

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Sound Without Action

When President Reagan returned from Geneva last month, we urged that he apply his amplified prestige to reducing his huge budget deficit, which has the singular characteristic of harming America and the rest of the world simultaneously. With strong leadership, significant progress could have been made in the current fiscal year. But all we see in last week's balanced-budget legislation is a framework commitment to eliminate the deficit progressively by 1991, with no hard decisions about the immediate future.

The budget-balancing law can be criticized on many grounds. It leaves the 1986 deficit dangerously high. The forced spending cuts it envisages have to fall equally and arbitrarily on military and on civilian programs, some of which are exempted in advance; this robs the government of the ability to make discretionary spending choices in the light of changing circumstances. There is no reason why a deficit should shrink in regular, linear fashion over a six-year period; an economy moves in cycles, not straight lines. America's elected representatives are saying they cannot trust themselves to use budgetary discretion responsibly. Lastly, the law may prove ineffective for the simple reason that a future Congress can scrap it.

INTERNATIONAL HERALD TRIBUNE

A South African Scene

The government of South Africa keeps warning that its opponents are Communists in Soviet hire, but it is the regime itself that is Sovietizing South Africa. Its restrictions on the media are among the most conspicuous and objectionable pieces of evidence of this trend.

American audiences could see the policy in action last weekend by watching the television coverage in Mamelodi. A black township outside Pretoria, Mamelodi is not subject to the emergency-rule news curbs that the government imposed last October to keep the outside world from observing popular unrest and official repression. Nonetheless, pistol-wielding police halted television coverage of the funeral of some black who had died in an earlier protest. In response, people in the crowd stoned the police, and in the ensuing gunfire a sound man was shot in the leg. "We cannot let anything bad about South Africa get out anywhere," an officer explained.

It is evidently not enough for the South Africans to try to censor the news by law and

edit; they are doing it by harassment and outright intimidation as well. But Pretoria's effort to fence itself off from Western inspection can only isolate it further from Western understanding. By its restrictions, the apartheid government is increasingly making itself over in the Soviet image. Far from sparing itself the effects of bad publicity, it feeds apprehensions that behind a veil of censorship it is practicing a policy too terrible to withstand the light of day. Already low, the country's credibility is bound to sink even lower if there is not an adequate supply of independent witnesses.

What occurred at Mamelodi reflects an ugly pattern in South Africa. A funeral for victims of the country's basic injustice was being held peacefully. Police tried to cut off the formally permitted media coverage. A disturbance erupted. The government, to justify censorship, keeps insisting that the media provoke trouble, but here it was plain that the police were the provocateurs. It was dudgeon.

—THE WASHINGTON POST.

A New Budget Game

The House and Senate have been sparing all year over the defense budget. In that sense the House was following form Tuesday night in rejecting, partly for its defense provisions, the proposed continuing resolution to fund for the rest of the fiscal year the agencies whose regular appropriations bills have not been passed. But this vote counts more. The reason is a multiplier effect in the new Gramm-Rudman budget process. Gramm-Rudman has created a new game for everyone to learn, a game called "baselines." The process sets out demanding deficit targets for the next five years and provides for automatic spending cuts, half from defense and half from domestic programs, if in any year the president and Congress fail to hit their target. The question is: automatic cuts from what levels? The higher you lift your starting point or baseline in any year, the less your program has to fear from Gramm-Rudman and the stronger your position will be in a scramble to produce a budget by orthodox means as the deadline for automatic cuts approaches. Gramm-Rudman is to inflict its first cuts next spring. The starting point will be the continuing resolution.

In its appropriations bill the House voted to hold the Pentagon to \$292 billion in spending

—THE WASHINGTON POST.

Other Opinion

Hidden Riches, Hidden Woes

The most popular film in the Philippines is "Hidden Riches," a documentary of the villas, apartment houses, supermarkets and hotels in the United States owned by President Marcos, his wife Imelda and their friends. In the countryside church workers feed the hungry at soup kitchens and then show the movie.

Mr. Marcos has not traveled around his nation for years. The government and many diplomats have no idea about conditions in the

provinces. Human rights violations are more widespread now than in the martial law era (1972-81). When one person in a family is assassinated, survivors join the Communists.

There is no doubt that the Marcos era is coming to a close. The process could be stopped only by government reforms from within. But President Marcos has hardly any choice. True reform would amount to sawing off the limb on which he sits.

—Erhard Haubold (*Neue Zürcher Zeitung*, Zurich), quoted in *World Press Review*.

FROM OUR DEC. 19 PAGES, 75 AND 50 YEARS AGO

1910: Strong Naval Fleets Win Wars

PARIS — The Washington Post says: "We could have forts at every seaport, but should Congress fail to provide for an adequate fleet in each ocean, an active force could still land between the forts. Once ashore it would be a serious matter to dislodge it. With a fleet in each ocean we could prevent it from blockading or landing and would be saved a war." [The Herald comments:] "The teaching of history corroborate the statement of our judicious contemporary. The Washington Post. In the war with Spain, an army of 165,000 Spaniards in Cuba had, to an American force of some 15,000 because the American navy controlled the sea. In the Transvaal war, if the Boers had been ten times as numerous as they were, they must finally have succumbed, because Great Britain had command of the sea."

1935: Plan to Partition Ethiopia Fails

PARIS — The Hoare-Laval plan to code more half of Ethiopia to Italy was pushed nearer the brink of its grave at Geneva by Anthony Eden, British Minister for League of Nations Affairs, who made it plain that England was no longer interested in the proposal which brought the downfall of Sir Samuel Hoare, Foreign Secretary, who resigned [on Dec. 18] in the face of bitter public opinion and a divided Cabinet. France's Prime Minister Pierre Laval has now resigned the plan's fate to the Council of the League, where there is no doubt as to the outcome. Meanwhile, Prime Minister Stanley Baldwin, with Sir Samuel out of the Cabinet, will ask for a vote of confidence from the House of Commons on a "full League policy" from which he swerved to approve the ill-fated plan.

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Watch the Sky Above the Syrian Border

By Drew Middleton

WASHINGTON — The alarm bells are ringing again in the Middle East. Since late last month Syria has deployed a number of Soviet surface-to-air missiles on sites from which they could be launched against Israeli air force reconnaissance flights over Lebanon.

The Israelis claim that the deployments are a "dangerous change" in the status quo, and they have told the Syrian government so through the United States. The Syrians are sitting tight, apparently determined that they are not about to be ordered around by Israel. There is subterfuge and arrogance on both sides.

The danger lies in the possibility that SAMs will be launched the next time Israeli aircraft sweep along the frontier on one of their reconnaissance missions. If the missiles hit, as they are likely to do, the Israelis will retaliate, probably with air attacks on the missile sites.

There is then a real possibility of a renewal of the Arab-Israeli conflict that has torn the Middle East apart four times since the founding of the state of Israel. The tentative U.S.-supported movements toward a peace settlement will be tossed on toward's ash heap.

The tendency in U.S. military circles is to believe that Israel would have little difficulty defeating Syria. This seems an exaggeration. Israel can whip Syria and, as long as Iraq is at war with Iran, any combination of Arab states will be high.

will

not be easy, and the cost will be high.

All the evidence reaching Western intelligence sources is that these weapons are now manned entirely by Syrians instead of the Soviet technicians who serviced them when they first arrived.

There are also strong indications that the Syrian command, control and communications system, which failed lamentably in 1973 and 1982, has been revised and strengthened. The level of technical expertise in the air force, which now deploys about 500 combat aircraft, has also risen.

Much of the improvement in the air force and

the army, according to an Israeli colonel, is due

to "several thousand Soviet military advisers

who are in practice responsible for preparing the Syrian army for war against Israel."

Syria's Defense Ministry did not rely entirely on the Russians, although they were vital in teaching Syrians how to use new tanks, aircraft and missiles. Technical training was expanded throughout the armed forces. Inducements were offered to experienced technicians to stay in uniform after their 30 months' service. The forces that would face Israel in any new conflict would be far more efficient and modern than those defeated in the last two encounters.

The Israeli air force, which has dominated the skies in the last four wars, probably would suffer heavier losses from more modern Syrian fighters and missiles, although it would prevail in the end.

Israeli air force operations are at the heart of the growing crisis. Every week the air force flies several reconnaissance missions over Lebanon. The Israelis say that the Lebanese government in Beirut cannot control the anti-Israel guerrilla groups in that country. But of course the Israeli aircraft do not confirm their scrutiny to Lebanon.

The planes, usually flying close to the Lebanon-Syria border, photograph military targets in Syria as well. The Syrians know this and are angered. Hence the movement of their missiles and the mounting tension. The next Israeli reconnaissance flight will be a critical event in the history of the Middle East.

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Can Donors Get the Act Together?

By Giles Merritt

B RUSSELS — When four Regan heavyweights turned up in Brussels this month for talks with the EC Commission, there was something they forgot to mention. Missing from the agenda put forward by Secretary of State George Shultz, Commerce Secretary Malcolm Baldrige, Agriculture Secretary John Block and Trade Representative Clayton Yeutter was an idea (hatched in Washington) of cooperation between Americans and Europeans on development aid projects in the Third World.

The sad case of the U.S. proposal—that never affords some interesting insights into the political pitfalls that surround the whole subject of aid. The straightforward aim was to stop U.S. and EC donors of approaching \$30 billion a year in development aid from trampling over one another. Unfortunately, the proposal touches raw nerves on both sides of the Atlantic, and for that reason risks being buried by the bureaucrats.

A new framework of six-monthly coordination meetings, says U.S. experts, could help disentangle the aid muddle created by competing national and international agencies. At least it could head off overlaps. The fact that has drawn world attention to Africa's plight has also underlined the chaotic mess that the many separate relief efforts are creating.

A few months ago, when the rains finally came to Sudan, they washed away vital railway installations. Three teams of engineers were rushed in quite independently by the United States, Britain and the Netherlands for a job that needed but one. They discovered each other's existence only when they met on site.

The proliferation of fact-finding and other missions from aid donors is overstretching many Third World governments' administrative resources. Botswana moved to halt its annual non-essential missions in a single year. One of the poorest West African states, Burkina Faso, has found itself swamped by more than 300 such missions in a year.

There is,

too,

a pressing need to

make the rich country's aid go further.

The

OECD's

Development Assistance Committee says that by 1990 aid spending will have risen only \$5 billion to \$35 billion a year because aid budgets are being increased by 2 percent a year as against a previous average of 4 percent. The slowdown coincides with a deterioration in the position of many Third World countries, particularly in Africa.

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BM-Europe and Cassani: All Systems are on Line

By Joseph Fitchett
International Herald Tribune
PARIS — As one of Europe's best profitable corporations and one of its biggest taxpayers, IBM Europe might feel entitled to ask a question of political and business leaders: Why can't Common Market companies act more like IBM? They can't they too emphasize marketing and organize production on a Europe-wide basis?

In fact, some European companies are starting to do just that. A true European company could operate in a very similar way to the European subsidiaries of major U.S. corporations," says Rob Wilmet, until recently head of ICL, Britain's major competitor to IBM. "The key difference would be that the major wealth creation shareholders and management of the strategic decision-making source of technology would be in Europe."

adds David Cooksey, a venture capitalist whose Advent company based in London: "If you don't start in several countries at once, you don't achieve critical mass, you don't survive counterattacks by big S. and Japanese competitors."

IBM's profitability in Europe comes from its ability to achieve marketing power seldom matched by its competitors. "We treat Western Europe as one entity, so we get economies of scale," explains Caspar V. Cassani, the chairman of IBM Europe. "Our plant in Montreuil, France, makes all of our computers for Europe, our plant in Greenock, Scotland, makes all the personal computers."

A full explanation of this approach comes from Jacques Maisonneuve, Mr. Cassani's predecessor in a recent French book, "Manager International." In 1958, the fledgling Common Market began to reduce tariff barriers among European countries. IBM had eight factories in the six original member nations: France, West Germany, Italy, Belgium, the Netherlands and Luxembourg. Most of the factories were making the full range of IBM products and many of them were notably profitable.

The solution was to assign each IBM product to a single factory, which manufactured it for the entire EC.

Discussions were difficult because factory and government officials in each country wanted their plant to make the most profitable products, but we succeeded in posing a reorganization because

had a European management," Cooksey relates.

It is a clear how-to lesson about managing in the Common Market, "it's harder to make Siemens, Philips and Bull work together than it is subsidiaries," it says.

Functionalism has long characterized IBM-Europe. At the sky-high cost of La Defense, in Paris, the books in Mr. Cassani's office are all International Business Machines publications. A desk is bare except for his appointment calendar and a wooden abacus, invented in the 17th century by the French philosopher Pascal.

This sparseness is part of his style, scribbling his joint-venture policies in which Mr. Cassani says "I'm looking for obvious matches with strong partners, he says: "People have to explain on a single sheet of paper why it's a good idea. Otherwise I won't do it." Mr. Cassani, 58, is known to government officials and corporate executives throughout Western Europe as "Kap." A nickname given to ease his mission of convincing people that IBM is a good European citizen.



Caspar V. Cassani

'Battle of the U.S. Titans' Hastens Technological Revolution

(Continued from Page 1)
tions activities of the state-owned conglomerate Istituto Ricostruzione e Industrie.

In West Germany, IBM is working with the state-run Bundespost to develop a videotex system providing information on home television screens. In Britain, however, IBM was foiled in an agreement with British Telecom on a value-added network, or VAN, that would have provided computer-based services nationwide by phone.

Charging that this combination of IBM and the demoralized phone company would have overpowered any competition, the British government vetoed the deal. Despite the setback, IBM has not given up its ambition of going beyond selling such hardware as personal computers. Businesses see IBM positioning itself to play a major role in helping develop Europe's emerging computer-based communications systems.

"IBM has chosen the smart way in, through VANs, and avoided trying to crash into the market for public network switching, which would bring them head to head with the PTTs," Mr. Damon says.

Already, a wave of takeover bids is starting to change Europe's high-tech landscape.

In Asia too, both U.S. corporations are increasingly active. IBM plans a VAN with Nippon Telegraph & Telephone, Japan's former telephone monopoly, which became a private company this year. AT&T has already teamed up in Japan with Ricoh to make small phone networks and belongs to a joint venture, involving 16 Japanese companies led by Mitsui, to provide telecommunications services. AT&T also has two joint ventures in South Korea with Lucky Gold Star, one to make fiber-optic cables, the other to make semiconductors.

This pattern of alliances is a departure for IBM and AT&T, both of them longtime corporate losers.

The change was triggered by U.S. court decisions — unrelated, but made coincidentally in 1982 — to break up AT&T's phone monopoly and drop antitrust action against IBM. The court decisions accelerated the companies' movement into each other's business.

Traditionally, IBM built machines, AT&T carried messages. Today, both computers and telephones operate with the same parts: microchips and software programs of instructions. So AT&T now sells computers and IBM markets communications networks to accompany its computers.

7 Prison Guards
Held in Oklahoma
As Convicts Riot

Reuters

McALESTER, Oklahoma — Heavily armed police surrounded Oklahoma's maximum security prison Wednesday after seven guards were taken hostage by more than 70 inmates who rioted Tuesday night.

Three other guards, stabbed and beaten in the protest over overcrowding and food, were released, and negotiations were trying to secure the release of the others.

All three were hospitalized in stable condition, a spokesman for the Oklahoma State Penitentiary said. In 1973, three guards were killed in a riot at the prison, located 100 miles (160 kilometers) east of Oklahoma City.

The prisoners took control of the top IBM echelons, Mr. Cassani — who has spent his entire career 34 years, with the company — came up through sales and marketing.

He expresses surprise that Europeans are not more enthusiastic about the potential of their computer industry. "The data-processing industry in Europe is growing strongly, 20 percent last year, its highest rate since 1976," he says. "The trend continued this year."

The prospect of an electronics revolution ignites Mr. Cassani's normally cautious tone. "We're going into the information economy," he insists, "as certain as amen in church."

They are

- among the lightest wines in the world
- lower in alcohol
- characterized by stimulating freshness and a subtle acidity
- noted for their delicate fruitiness and light, aromatic bouquet

A unique range and variety of wines

The Moselle and Rhine wines are famous for their blend of refreshing acidity and delicate sweetness, but they are certainly not all sweet. There is a wide selection of dry and semi-dry wines for those who prefer them.

The "light" trend

Wines for drinking with today's cuisine should be stimulatingly fresh and light.

Following this world-wide trend, German Kabinett wines are very much in demand. Their lightness makes them the ideal complement to good food.

They are perfect for the light business lunch or as an apéritif for parties and other social events.

views with businessmen, analysts and political leaders.

Only AT&T and IBM are big enough to provide customers with large, often global, networks feeding off computer power. But the cost of inventing, developing and manufacturing these products will be so high that companies require global sales to recoup their investments.

Europe cannot escape the shock wave.

"Once they started merging phones and computers, everybody else had to," Thomson's Mr. Damon says.

Marie Bellisario, the head of Italtel, a phone-making subsidiary of Italy's Stet, concurs. "When they moved, we had to," she says simply. She acknowledged at a conference in London this month that her company's survival depended on developing stronger international markets in the next five years.

This need for a broader base is true even for the titans, AT&T, whose renowned research establishment, Bell Labs, made possible the modern computer by inventing the transistor in 1947, and IBM, the world's most profitable company with \$6.58 billion in earnings last year, need help in developing the new telecommunications technologies.

"They are embarked on a series of mega-alliances," says a spokesman at the Organization for Economic Cooperation and Development, which groups the leading non-Communist industrial powers. "The political dimension is that they need the European ventures to get a foothold in what is still largely government-controlled and will remain a highly political business in the Common Market."

So far, "the battle of the titans" has not been fully understood, according to numerous recent interviews.

A more original European response is a new company known as European Silicon Structures, referred to as ESS and co-founded by Mr. Wilmet to make custom microchips, the basis for all computer reasoning. ESS has tried to avoid having a national identity by spreading its activities and ownership through major European countries.

Appearing in the search for beneficial relationships."

Philips, like Olivetti, chose to co-operate with AT&T, partly because their technologies dovetail and partly because, in the words of an industry analyst, "AT&T has never been in Europe, so Europeans don't know it and it doesn't frighten them as much."

The same cannot be said for IBM, which has been in Europe since before World War II and whose power intimidates Europeans. Indeed, says Kaspar V. Cassani, chairman of IBM-Europe, "Our joint ventures in the United States and Japan are much bigger than the ones in Europe, but they attract less attention because they do not trigger European-style debates about their impact on the future of the society."

Business leaders at the meeting insisted that improved research cooperation was not enough, that European industrial changes were urgent.

Already, a wave of takeover bids is starting to change Europe's high-tech landscape.

In Britain, General Electric Co. wants to absorb Plessey to form an electronic company that would rank eighth in the world in telecommunications sales. Each company has also been talking with Sweden's Ericsson. Italy's two strongest telecommunications manufacturers, Italtel and Telettra, have just joined forces.

In France, the government has merged the telecommunications work of two big state-owned electronics companies into Thomson-Alcatel, under CGE. Even West Germany's electronics giant, Siemens, is talking about industrial cooperation with GTE Corp., the second-largest U.S. telecommunications manufacturer behind AT&T's Western Electric.

This pressure on already fragile national suppliers is just the strategic gap our competitors have been causing for," Mr. Wilmet feels.

"Why else do we have U.S. and Japanese computer, communications and semiconductor facilities under construction all across Europe before, not even on vacation?"

The Europe-wide approach seems too slow to some established companies. Faced with the offensive of IBM and AT&T, some corporations have decided, like Philips and Olivetti, that they must join one of them.

"We had fallen far behind the United States and Japan in technology development," Philips' chairman, Wisse Dekker, acknowledges. "Any dogmatism about 'keeping it European' is rapidly dis-

tinguished by its own system.

Whatever the outcome of the battle of the titans, Europeans are increasingly aware that they cannot stay on the sidelines. Some Europeans regard the U.S. companies' ambitions as a challenge to the independence of Europe but others see an opportunity their companies cannot refuse.

As a Philips executive puts it rhetorically: "Would you rather import U.S. technology so European companies can take part in a global business or would you rather just wait to fall fatally behind in a technological and industrial revolution?"

(Next: The movie business goes global)

GERMAN QUALITY WINES

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A unique range and variety of wines

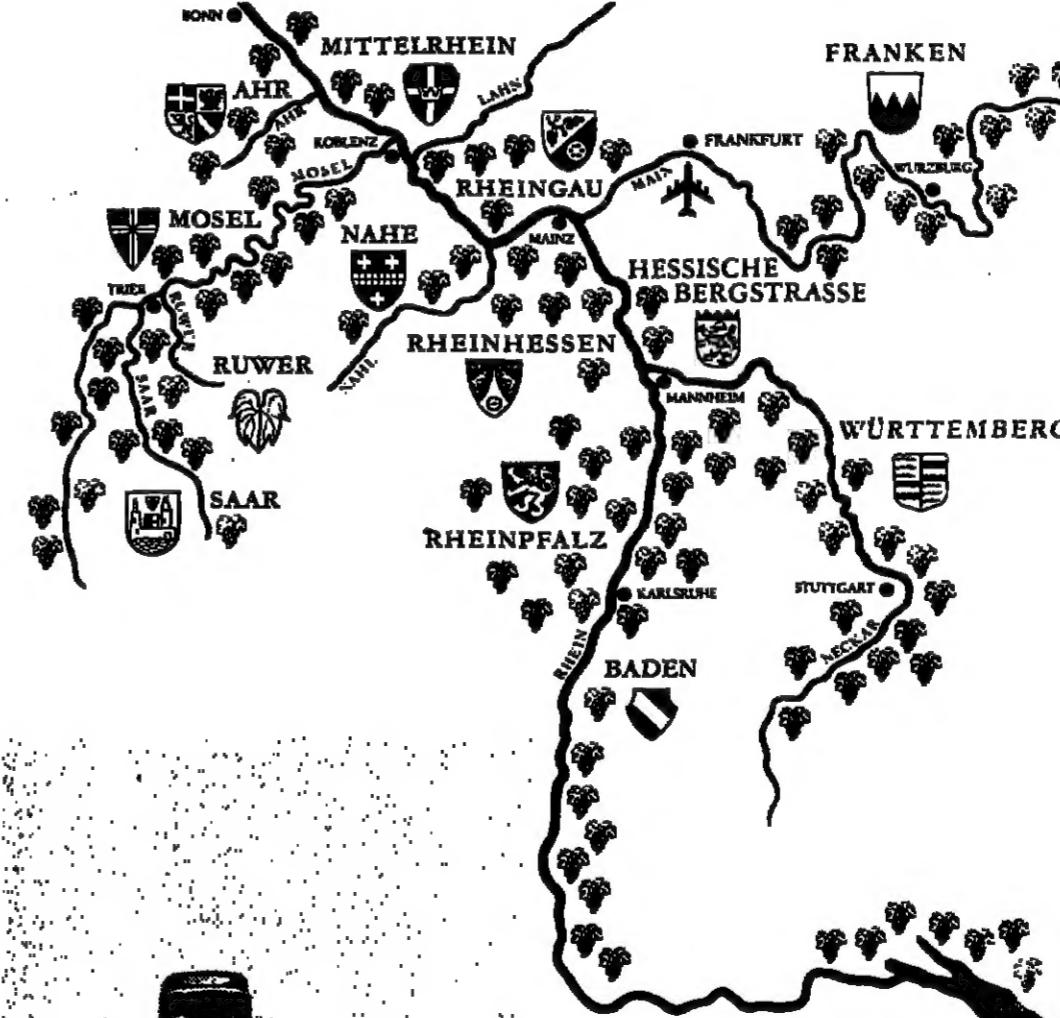
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SCIENCE

The Small World of Microscopes: Techniques Without Light

WANTED



Can you help us find the original of this portrait of James Gordon Bennett, Jr. by Henri Gervex, painted in 1903? As part of the preparations for the International Herald Tribune's 100th anniversary in 1987, we are researching our own history: looking for all documents, letters, files, etc. relating to the paper from its birth in 1887 as the European edition of the New York Herald (often known as the "Paris Herald").

We invite anyone with knowledge of the history or current whereabouts of the above painting of the founder and first publisher of the European edition to contact:

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By Walter Sullivan
New York Times Service

SCIENTISTS are testing and using techniques that go far beyond those of conventional optical or electron microscopes, enabling them to see the most intimate structures of living and nonliving systems. In ways never before possible, scientists can magnify and examine the surfaces, internal structures, even the atomic compositions of specimens, including living cells.

While the original microscopes used light waves, these powerful new devices use a variety of technologies, including beams of sound waves, X-rays, polarized electrons or the nuclei of various atoms.

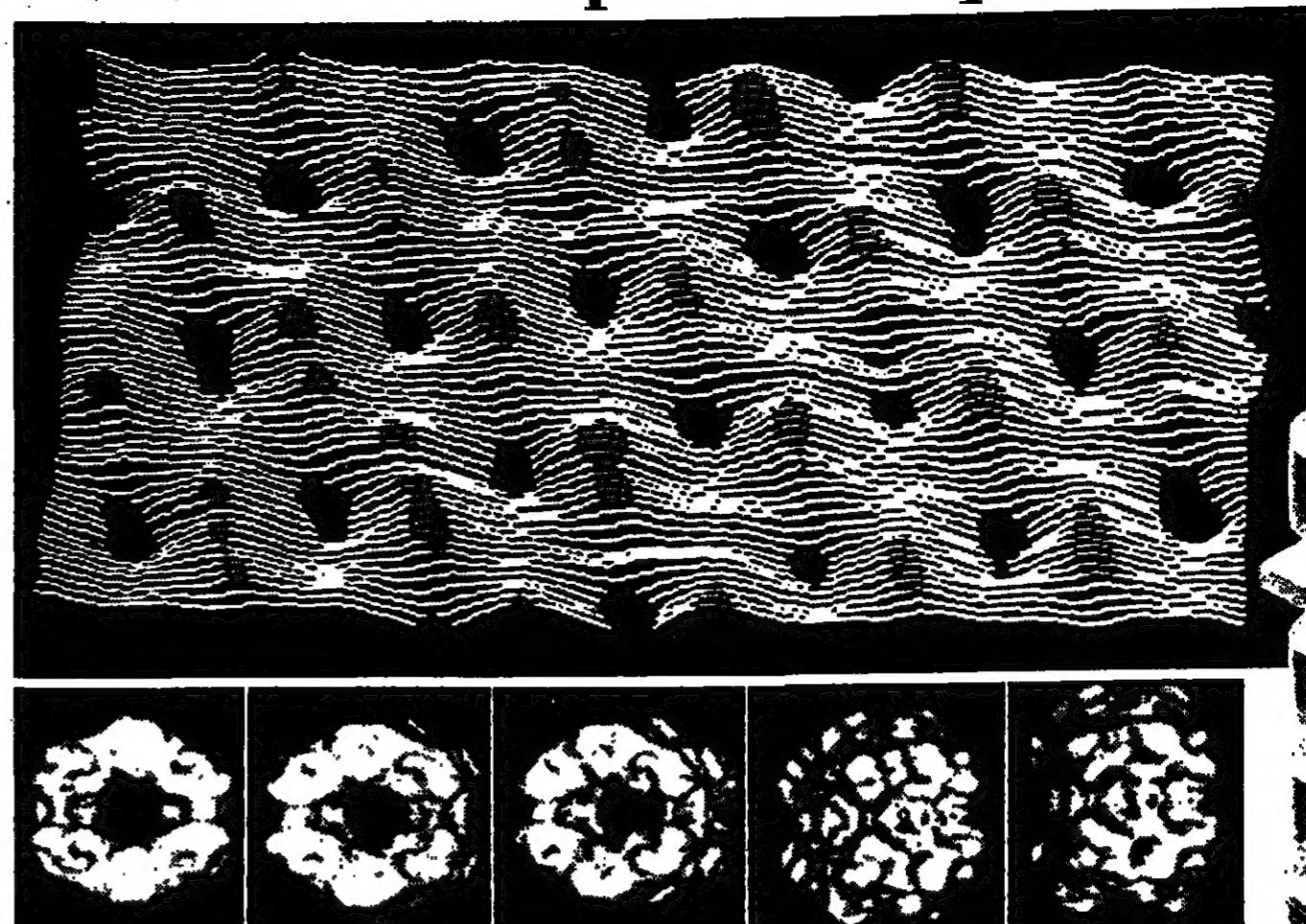
Although most of the advances depend on illumination of specimens with high-energy particles, there is much excitement over approaches that use visible light and therefore do not damage living specimens. Electron microscopes "try" the subject with electron bombardment.

One visible-light method, developed by Alan Boyde at University College in London, produced the first three-dimensional pictures of highly magnified subjects: A series of sharply focused images is obtained at successive depths, then, as described in the journal *Science*, the images are stacked for a three-dimensional effect.

At Cornell University, Michael S. Istasian and colleagues have devised a way to produce images showing details far smaller than the wavelength of light used to scan the material. The trick is to produce an extremely narrow beam of light by passing it through a hole whose diameter is only one-tenth to one-twentieth the light's wavelength.

Most of the new approaches depend on illumination with radiation whose wavelengths are far shorter than those of visible light.

The invention of the electron mi-



Top, graphite surface viewed by IBM microscope in Zurich; below, hemoglobin molecules from earthworm blood,

at various angles. Drawing shows scanning transmission electron microscope being built at University of Chicago.

IBM, University of Chicago (photographs); The New York Times (drawing)

croscope in 1932 made use of two critical discoveries. One was that electrons moved through space in a wavelike manner, their wavelength dependent on their energy; high-energy electrons have wavelengths far shorter than those of light. The other discovery was that a magnetic field could focus electrons as a lens focuses light.

In the transmission electron microscope, the first type developed, a beam of electrons is fired through a thin slice of specimen, just as light passes through a specimen in a conventional microscope.

Material in the specimen scatters the electrons, producing an image that can then be enlarged by the "lens" of a magnetic field, and recorded. An image must be obtained, however, before the electrons alter the specimen. The results are two-dimensional.

The scanning electron microscope, which came into widespread use in the 1960s, creates a three-dimensional image, not from electrons fired through the specimen

but from secondary electrons released from the specimen's surface by the electron bombardment.

A new approach, combining features of both types, is the scanning transmission electron microscope. The most ambitious version is being built at the University of Chicago under the direction of Dr. Albert V. Crewe, a pioneer in microscopy design. It is a refinement of a device he completed in 1966 and subsequently upgraded; with it, he was first able to produce images showing individual atoms. The new version is designed to reveal chemical properties as well as

to distinguish objects only 0.6 angstroms apart; an angstrom equals one ten-billionth of a meter. Magnification by light microscopes is limited because wavelengths of visible light are measured in thousands of angstroms. The wavelength of an electron accelerated to 100,000 volts is 0.04 angstroms. Atoms in a crystal are two to five angstroms wide.

The most powerful such existing device is at the Lawrence Berkeley Laboratory of the University of California. Its resolution — defining the smallest scale at which it can observe — is 1.6 angstroms. The existing Chicago machine achieves 2.4-angstrom resolution. It can examine the atomic structure of such substances as the hemoglobin in earthworm blood.

The multimillion-dollar project to achieve 0.6-angstrom resolution depends on high technology. A deep vacuum must be maintained to prevent electrons from being scattered by molecules of air, and the electron beam must be kept within a narrow energy range to prevent the blur of multiple images caused when electrons of different energies are bent to different degrees by the magnetic lens.

The greatest challenge is to compensate for the spherical aberration that has blocked progress toward greater magnifications. Such aberration occurs because electrons bent by the spherical configuration of a magnetic lens focus on a line, rather than a point. The distortion becomes increasingly serious at the very short wavelength needed for great magnification. Dr. Crewe has devised a system of sextupol, or six-pole, magnets to correct for this effect. To be free of magnetic

asymmetries, the sextupols must be fashioned to extreme precision from iron that has been melted in a vacuum to draw off impurities, and hammered in a special forge to eliminate large crystals. It is hoped that the microscope will be ready for testing next summer.

Other new approaches are those using X-rays of relatively long wavelength to show very tiny structures without destroying them. This technique was used in 1983 to obtain the first X-ray image of a living cell. The resolution was 75 angstroms, almost enough to show individual molecules.

Early this year, Ralph Feder of IBM and his colleagues presented in *Science* a series of "flash" X-ray images showing living blood platelets reaching out with "pseudopods" that bound them to other platelets in the process that leads to blood coagulation. The specimens had been placed on top of X-ray sensitive material and exposed to a flash of X-rays, producing a shadow-image on the X-ray sensitive material that was then viewed

with a scanning electron microscope.

The availability of high-intensity X-ray sources, such as the new National Synchrotron Light Source at Brookhaven National Laboratory, on Long Island, is making possible microscopy in which X-rays are focused by devices called zoneplates.

X-rays cannot be bent by ordinary mirrors or focused by lenses but

they can be bent, or diffracted, toward a focal point by a grating or pattern of concentric, circular grooves. In this way James Kirz and his colleagues at the State University of New York at Stony Brook have mapped the calcium content of human skull tissue.

A device called the scanning tunneling microscope, in whose development IBM is playing a major role, looks at the bumps and valleys of surfaces down to the scale of individual atoms. A needlelike electrode scans across an electrical conductor and electrons that escape, or tunnel, out of each spot on the specimen can be used to map its surface atom by atom. This

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technique, which can achieve a resolution of about two angstroms, will enable researchers to study corrosion and other metal surface reactions on the smallest scale.

The acoustic microscope, under development at Stanford University and elsewhere, offers special advantages in that its images reflect the mechanical qualities of the specimen: density, elasticity and viscosity.

Another approach is the scanning ion microscope, developed by Riccardo Levi-Setti at the University of Chicago in conjunction with Hughes Research Laboratories. Instead of electrons, it fires a beam of ions, or atoms that have shed some of their electrons, at the specimen. The ions are usually those of the metal gallium. This not only maps elements of the specimen with a resolution of about 400 angstroms, but indicates which of their isotopes are present.

Study Stresses Smoking-Cardiac Link

By Allan Parachini
Los Angeles Times Service

PEOPLE under age 55 who quit smoking revert to a normal heart-attack risk much more quickly than scientists have previously thought, even in smokers who have other conditions that add to the risk, but switching to low-tar, low-nicotine cigarettes has no significant effect on health, according to new studies.

Researchers at the Boston University School of Public Health report that in people who quit before age 55 the risk of sudden major heart attack, which is substantially elevated by smoking, returns to normal within a little as two years. The researchers cautioned that the reversal was probably not fast for all smokers, but they said the new evidence not only confirmed the ability of the body to rebound from the effects even of decades of smoking but implied a faster response than many scientists thought possible.

For smokers who have developed high blood pressure or who have family histories of heart-attack susceptibility, quitting can bring about a significant diminution of the prospect of having a sudden heart attack, according to the report in the *New England Journal of Medicine*.

The study focused on men, but Lynn Rosenberg, who headed the Boston project, said the effect appeared to be just as pronounced in women. She said that a small group of women was originally included in

the project but that, though they showed the same reversal effect as men, the number of female subjects was too small for statistical review as precise as that to which male subjects were subjected.

For smokers who cannot or will not quit, a study at the University of Arizona Health Sciences Center in Tucson said that, especially among longtime smokers, it does little or no good to change from conventional cigarettes to so-called low-yield ones.

The research, published in the journal *Chest*, said that though what tobacco company marketing departments call "light" cigarettes produce less tar and nicotine, longtime smokers probably have such extensive lung impairment that using the low-yield brands would not improve their health at all. Marketing figures indicate that low-tar, low-nicotine cigarettes whose development began in the early 1970s, now account for significantly more than half the market.

The Boston study examined the relationship of smoking and heart attack risk in almost 5,000 men, all under 55, among patients at 78 hospitals in Massachusetts, Rhode Island, Connecticut and New York. Men smoking at the time of the research were found to have triple the risk of sudden catastrophic heart attack as the controls who had never smoked. Men who had been off tobacco for at least one year had declined to double the risk and for men who had abstained for 23 months, the risk dropped to nearly the same level as the men who had never smoked.

IN BRIEF

Comet Brightness Laid to Water Loss

WASHINGTON (UPI) — As seen from Earth, Halley's comet was surprisingly bright in recent weeks, and the first observations from space suggest that the cause is water boiling off its icy nucleus faster than expected.

Professor Paul Feldman of Johns Hopkins University, a member of a team of scientists operating an astronomy satellite called International Ultraviolet Explorer, said the comet was losing four tons of water a second when it was 170 million miles from the sun. He said satellite data showed the water loss rate to be three times greater than expected.

In a related development, astronomers at the University of California at Santa Cruz and NASA's Ames Research Center, using the Lick Observatory's 120-inch Shane telescope, reported that ice particles had been detected around the comet.

The study focused on men, but Lynn Rosenberg, who headed the Boston project, said the effect appeared to be just as pronounced in women. She said that a small group of women was originally included in

the project but that, though they showed the same reversal effect as men, the number of female subjects was too small for statistical review as precise as that to which male subjects were subjected.

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Temporary Pacemakers Put in Pills

ANN ARBOR, Michigan (AP) — A temporary pacemaker in a pill has stabilized heartbeats or improved medical diagnosis in 43 patients, according to University of Michigan researchers.

The device paces the heart temporarily and helps doctors diagnose cardiac arrhythmias without forcing patients to exercise to raise pulse rates, said Professor Janice Jenkins of the university's Department of Electrical Engineering and Computer Science. She said the device can also control rapid heartbeats.

The pacemaker, an electrode, is placed in a gelatin capsule attached to a thin insulated line and is swallowed. The doctor lines the capsule up near the left atrium, where the electrode can be stimulated to stabilize the heartbeat or increase it temporarily for tests.

Hemoglobin Found in Ancient Bones

WASHINGTON (NYT) — Fragments of hemoglobin have been detected in the bones of humans who died as much as 4,500 years ago, Italian medical scientists report. Using advanced immunological methods, the researchers found traces of hemoglobin in bones from early Roman times and the Bronze Age.

The purpose was to test the possibility of using traces of the blood substance in archaeological research and in studying the ancient history of diseases such as the blood disorder *sickle cell anemia*.

Though the ability to detect hemoglobin varies with time and probably the conditions to which the bones were exposed since burial, traces of hemoglobin could be found in modern and ancient specimens, according to a report in the *Proceedings of the National Academy of Sciences USA*.

by scientists from the University of Rome and the Regina Elena Institute for Cancer Research in Rome.

Synthetic THC Can Now Be Marketed

NEW ROCHELLE, New York (NYT) — The U.S. Food and Drug Administration has approved commercial production of synthetic THC, the psychoactive ingredient in marijuana, to treat the nausea and vomiting that often result from cancer chemotherapy. The drug was previously available directly from the National Cancer Institute, according to the Medical Letter on Drugs and Therapeutics.

The drug, taken orally, is known generically as dronabinol and will be marketed under the trade name Marinol. It is listed as a Schedule II drug, the most controlled category of prescription drugs. It has proved effective following many types of chemotherapy, though not for patients receiving the drug cisplatin.

Side effects of THC include drowsiness and orthostatic hypotension, also known as "dry mouth." Other possible effects, especially in older patients and those unused to marijuana, are dizziness, disorientation, depression, paranoia, hallucinations and manic psychosis, the Medical Letter said.

U.S., China Plan Project on El Niño

WASHINGTON (AP) — A U.S.-Chinese project to investigate the causes of the El Niño phenomenon, which can disrupt weather around the world, will start in January, the National Oceanic and Atmospheric Administration has announced.

As part of the international Tropical Ocean-Global Atmosphere program, or TOGA, Chinese and American scientists are scheduled to embark from Honolulu Jan. 5 on the Chinese research ship Xiangyanghong 04 and end the project Feb. 10 in China. It is the first of eight planned Chinese research cruises in the next four years.

El Niño occurs about every seven years, marked by a reversal of trade winds and changes in ocean temperature in the Pacific. The scientists will measure the water temperature and the variations in heat of currents along the Equator. They will also measure the currents and subsurface temperatures and take weather readings.

Galilee Water Reaches 37-Year Low

TIBERIAS, Israel (UPI) — The water level in the Sea of Galilee is the lowest in 37 years and this season, normally the rainy season, has been the driest in 60 years, scientists have reported. They said several settlements and villages in Galilee faced a shortage of drinking water.

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MAURITANIA

25 Years After Independence

Donors React Favorably To Economic Recovery Program

Scarcely a year after Colonel Maouya Ould Sid Ahmed Taya came to power on December 12, 1984, Mauritania's new team of economic planners have chalked up several early points toward positive reform.

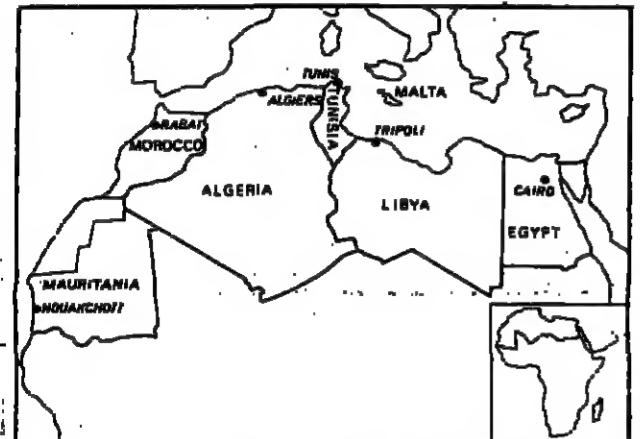
By their own admission, much remains to be done. But a new Economic Recovery Program (ERP), covering the 1985-1988 period, was adopted already last July, and Mauritania's donors — both bilateral and multilateral — have demonstrated their favorable reaction to it.

A year ago, the economy was clearly on a downward spiral, burdened with desertification, drought, low world prices for iron ore, a huge debt-service bill of 2 billion ouguiya (\$31 million) in 1984 alone, a 2.8 billion ouguiya 1984 budget deficit and heavy shortfalls in the trade and current-account balances.

While recognizing that some of the causes of the country's economic woes are external and beyond Mauritania's control, the ERP acknowledges that other causes — for example, bad management and ill-chosen investments — can be corrected with appropriate policies executed at home.

Investment is to be "moderated" — a clear reference to vast sums of iron-ore revenue sunk by earlier economic decision-makers into white-elephant schemes in the late 1960s and early 1970s. And priority will go to the productive sectors and to maintaining and rehabilitating existing projects rather than starting up new ones. Fishing, agriculture and minerals come in for special attention.

The World Bank has given Mauritania a significant vote of confidence. Its concessionary-lending arm, the International Development Association (IDA), has this year granted \$29.15 million in credits for three sectors: agriculture, industry and public enterprise. The largest component, \$16.4 million, is to help Mauritania restructure and nationalize the loss-making public



Developing the Iron and Steel Industry

Mauritania has comparatively large mineral resources in its subsoil and can therefore be considered a mining country. Top priority goes to developing this source of wealth and gradually increasing its value-added factor.

Mauritania's long-term goal is to set up a complete iron and steel complex. This first stage of the processing of iron ore would involve private management or ownership, a possibility currently being studied by several Arab states.

The aim of SAFA (Société arabe du fer et de l'acier en Mauritanie) is to be an iron and steel processing center in West Africa. It has initiated conventional iron and steel production in a country where the market is comparatively small. It started with electric furnaces and now has a small one which produces consumer goods of generally high quality, such as rod rods and steel sections for Mauritania and the West African sub-region. SAFA has laid the groundwork for an iron and steel complex which it intends to develop, if only as a training center in iron and steel production.

SAFA is the first and only electric steel organization in West Africa. Senegal is the principal market of the West African Economic Community (CEAO). The CEAO is interested in SAFA because of its proximity and trading contacts, not to mention the fiscal advantages stemming from agreements concluded with the CEAO. These agreements, though they present certain difficulties, give Mauritania certain advantages in the international market, provided they are carried out to the letter by the parties concerned. Mauritania is planning to break into this market in a big way. In the years ahead, it hopes to acquire a large share of this market, currently estimated at some 100,000 tons per year.

The present unit with a capacity of 36,000 tons per year, can easily sell its surplus production after satisfying the needs of the CEAO market. Mauritania is the natural export market for

ghrib. The cooperation has been most fruitful.

The international market is comparatively tight and Mauritania believes that iron and steel products are still in fairly strong demand. At the least, demand is stationary. Supply, however, is likely to develop. Indeed, iron and steel plants are to be found practically everywhere, and several Arab states are finalizing projects for plants that will manufacture similar products. Since these products do not compete with Mauritania on the same market, the country is not unduly disturbed by this development.

Some say that consumption is stagnant, especially in the matter of iron rods. For some time now, no large projects capable of altering the market have emerged. Mauritania is therefore witnessing a stable market, in terms of both supply and demand, and does not expect any significant international price fluctuation.

The delicate subject of technology transfer has been discussed at every forum, including the United Nations. It is a problem for the recipient in that he is expected to buy the most suitable technology for his particular technological environment. Consequently, as long as the user is not the one to choose the appropriate technology, the transfer cannot be made, since the choice will have been made by the seller. A purely economic problem of dependency will thus arise. The inevitable conclusion, therefore, is that as long as Mauritania, a developing country, fails to establish the necessary institutional machinery to facilitate effective technological transfer, such transfer will never occur.



Traditional Mauritania, symbolized by the open tent, is complemented by projects geared to fortify its economic viability.

tripling in 1985, from 20,000 metric tons in 1984 to an estimated 60,000 metric tons this year. But to bring about stable production levels, the Senegal must be harnessed. Mauritania belongs, along with Mali and Senegal, to the Organisation pour la mise en valeur du fleuve Sénégal (OMVS), which is now building two dams that will irrigate more than 400,000 hectares and will curb salt-water intrusion, a serious problem in dry years, when the volume of water in the river is too low to prevent salt water from washing back from the Atlantic and damaging crop land. Completion is targeted for 1990.

The focus now, though, is on small-scale irrigation. \$8.2 million of the IDA credit this year will help finance pumping sets and other equipment necessary to irrigate 75 farm plots of 20 to 25 hectares each, under a \$10.5 million scheme expected to increase cereal production by 10,000 metric tons a year and to benefit some 2,900 farm families at Kaedi and Gouraye. The Rome-based International Fund for Agricultural Development (IFAD) is co-financing. The French are co-financing 82 plots of similar size at Boghe. If these schemes succeed, drought may never again take quite so high a toll on the Mauritanian economy.

— Linda Van Buren



Mineral resources are mostly located in the north.

SOCIÉTÉ ARABE DU FER ET DE L'ACIER EN MAURITANIE

Arab Iron and Steel Company in Mauritania

CAPITAL — 450,000,000 UM

HEAD OFFICES — NOUADHIBOU — ISLAMIC REPUBLIC OF MAURITANIA
Directorate General
Tel: 23 89
25 35 and 25 36 SNIM network
P.O. Box 114
Telex: 426 MTN

Commercial Representation
P.O. Box 1260
Tel: 512 54
Telex: 531 MTN
NOUAKCHOTT

The Société Arabe du Fer et de l'Acier (SAFA) joint stock company was created by protocol of 14 March 1984 by:

- SNIM-sem (Société Nationale Industrielle et Minière — Société d'Économie Mixte Nouadhibou R.I.M.)
- ARIMCO (Arab Mining Company — Amman, Jordan)
- AISCO (Arab Iron and Steel Company — Bahrain)

Each of these shareholders hold one-third of the capital;

Within the framework of this association the mining and steel company SNIM-sem in Nouadhibou has given way to the new company SAFA.

The aim of SAFA from this main core (Nouadhibou Unit) is to take over development of the iron and steel and metallurgical operations in the Islamic Republic of Mauritania.

The aim of SAFA is to take over development of the iron and steel and metallurgical operations in the Islamic Republic of Mauritania.

The mining and steel works is at present in operation.

1) Installations

- One steel works dealing with 12,000 ton/year



Head office and factory of SAFA, Nouadhibou

- marketable grindings
- related installations

- b) Recycled raw materials:

Local iron mostly coming from SNIM (rails, carriage wheels)

- c) Energy:

supplied by the national water and electricity board (SONELEC)

- d) Personnel:

The company employs 150 to 180 agents according to the production programme.

- e) Marketing:

Most of the production is intended for export.

The products manufactured comply to international standards. They are approved by the Taxe de Coopération Régionale-T.C.R. (Regional Cooperation Tax) system within the framework of the Communauté Economique de l'Afrique de l'Ouest — C.E.A.O. (West African Economic Community)

- f) Renovation:

Alongside the exploitation of the existing unit, SAFA has undertaken the renovation of all the installations with a view to improving production conditions and a better cost and quality control over production.

DEVELOPMENT PLAN

Within the framework of industrial development in the Islamic Republic of Mauritania, SAFA is currently carrying out studies with a view to the short term realisation of iron and steel and metallurgical units such as:

- metallic structures (framework, pylons, etc...)
- smelting (plating sheets, grinding equipment and other current parts)
- drawing mill
- etc...

SAFA

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Zein Ould Malloum
Director General of MATEMA

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- Study of technical and/or economic projects concerning marine, port or river industries.
- Expertise in ships and marine installations.
- Surveying of marine and various accidents and damage.
- Representation of insurance companies, studies, surveyors and classification supervision etc... foreign concerns having interests in Mauritania, or neighbouring countries.
- MATEMA acts as representative as regards the requirements for qualified experienced personnel in positions concerning MATEMA's interests in Mauritania and/or anywhere else as the case may be.
- AGENT OF THE ITALIAN NAVAL REGISTER (R.I.N.A.) IN MAURITANIA.

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Message Concerning the State of the Nation by His Excellency the Colonel Maaouya Ould Sid'Ahmed Taya, President of the Military Commission for National Safety, Head of State, Delivered on the Occasion of the December 12 Holiday.

Mr. President, Members of the Military Commission for National Safety, Ministers, Ambassadors, Ladies and Gentlemen,

Twelve months ago, the Military Commission for National Safety conducted an internal restructuring operation. I have indicated the reasons and finality of this essential action on several occasions.

In December 1984 our country was in a serious situation: lack of credibility on the international level, the dilapidated state of the economic and monetary system, institution of a system of power ridiculing the most elementary principles of liberties for citizens, all deviations which interfered with the options of the Military Commission for National Safety. Like the Armed Forces, every one of you bitterly resented the corrosive effects of this policy.

Dear fellow countrymen and women,

The directions which must guide the government's action were laid out distinctly in the official statement issued by the Military Commission for National Safety December 13, 1984: establishment of a strong and fair government and stabilization of an unbalanced and unsteady economy. This work reflects the challenges and threats which assail us as a nation, threats for which we are already mortgaged our future.

From that time, governmental action has, during the last year, been based on the restructuring and credibility of the State, stabilization of the economic and monetary situation to create a solid base for real economic and social progress. This has been an often disappointed, but tenacious hope of our people.

I will give you a concise account of government activities concerning this subject before explaining the prospects of the Financial and Economic Recovery Program for the next three years.

Results

a) Financial and economic situation

The initial government budget for the fiscal year 1985 including expenditures of 13,144 billion ouguiya and revenues of 13,137 billion was modified for two reasons:

1. To move closer to the goals of the Financial and Economic Recovery Program.

2. To account for the impact of the national debt.

However, during the first nine months of the year, the results obtained in execution of the Finance Act reveal both a stabilization of expenditure and an increase in revenue and funds as compared with the already insituted in our external payments.

Indeed, a slowdown in the budget consumption was recorded. Tax payments rose 22% during the first ten months of 1985 over the previous year.

It should be reported that the bulk of our national debt contracted with other governments was rescheduled, if not simply paid off.

It is also comforting to report that the Treasury has been streamlined, through the regular processing of the interior and exterior proceedings.

A distinct improvement in government funds can also be noted. This improvement will bring the current budget deficit to close to 403 million ouguiya as against 1 billion at the end of 1984.

This situation results from an improvement in the action of the tax collection services, but is also due to progress made by all the financial departments.

To further improve the financial and economic situation of the country, the Military Commission for National Safety adopted the Financial and Economic Recovery Program during the session held September 4 to 8, 1985, which covers the 1985-1988 period.

I will return to the anticipated goals and performances of this program.

Government efforts aimed at reducing the imbalance in government finances and foreign payments had a major effect on the development of the mon-

etary situation. The long-term deposits reached 2,491 billion in late June 1985 after a high of 1,701 billion at the end of 1984, representing a 46% increase. As for the demand deposits, they increased from 5,982 billion in December 1984 to 6,432 billion in June 1985 for a 7.5% growth.

Development of the money supply remains within the limits compatible with the need to retain the domestic and foreign value of the currency, and its structure seems satisfactory.

The credit increase has been moderate, reflecting that of the money supply, as the total domestic credit rose from 19,762 billion at the end of 1984 to 20,026 billion at the end of September 1985 for an increase of only 1.3%.

Net government debts decreased by 160 million over the reference period as compared with the end of December 1984.

The ratings for fisheries, industry and energy economic sectors have increased. However, an insufficient amount of credit was granted to the rural sector and small-fishing industry. Measures were taken to compensate for this, using the structures of the National Development Fund. The resources of this Fund are more suitable than banks for action in these two sectors.

Starting in 1986, the National Development Fund should offer farmers an adequate agricultural credit system to accompany the strategy for the sector set up by the government. This system will compensate for the low income of rural producers by providing them with "intrans" and production facilities



Colonel Maaouya Ould Sid'Ahmed Taya
with long-term payment conditions.

On the whole, the monetary and credit policy is starting to yield results, which proves the effectiveness of the instruments used. The monetary authorities will make sure they are reinforced to contain the inflationary pressures and to regulate the overall demand so as to encourage the adjustment process already insituted in our external payments.

The creation of a National Credit Board is in keeping with the general pattern of these new directions in monetary policy. I should add that this Board is already operational and is responsible for determining the main lines of the credit policy.

Furthermore, an audit study of the banking system is underway at five banks and at the National Development Fund.

This study will cover three essential aspects of bank management:

1. Risks associated with portfolios.
2. The foreign debt level.
3. Profitability.

The total deficit in external payments was limited to 1,574 billion ouguiya following the first seven months of 1985 as opposed to 3,434 billion during the same period of the previous year, despite the auditing of the transfer proceedings recorded by the BCM, which reached 2.1 billion ouguiya in December 1984.

Although significant improvement in the overall balance of payments was obtained, our position in relation to the international market remains fragile due to the continuing high level of imports.

The continuing growth of fishery exports should significantly contribute to a recovery in our balance-of-payment situation.

The extent of the available halieutic resources means that the fishery industry is the sector

of the future for the Mauritanian economy.

According to the most pessimistic forecasts, 606,700 tons of fish of all species can be taken annually from our territorial waters, without any risk of overfishing.

Three hundred sixty-five ships are currently operating in our territorial waters. This includes 94 national ships with 62 freezer boats and 32 ice boats unloading their entire catch at Nouadhibou. These statistics do not take into account ships chartered by certain national shipowners as part of an agreement recently signed with Portugal.

The Mauritanian Fish Marketing Company (SMCP), which constitutes the main government operator in the fishery domain, expanded its field of operations by signing a contract with a Japanese firm, which agreed to buy 20 to 30% of its production. It is currently making every effort to penetrate certain Arab and African markets.

Operation of the industrial firms in the parapublic sector was satisfactory: this is the case of the SAMIA, which includes a plaster plant with a production capacity of 100,000 tons.

The SAFA now manages the Nouadhibou electrical steelworks, which has been operational for several months due to a drop in the electrical energy costs.

In the hydroelectric and energy fields, 1985 was significant for the launching of such major projects as the CEAO program, which includes 364 water holes with 200 drilling rigs and the Saudi program which provides 32 water supplies via source points. In addition to these two programs, the work on the second conduit linking Nouadhibou and Idjili will start in the very near future and financing has been obtained for the Nouadhibou water supply project.

The small-fishing industry continues to attract the attention of the administration due to its high job-creating capacity and the guarantees it offers in terms of supplying the interior market and ground industries. Small shipowners are currently estimated to include 624 boats, operated by a workforce of 2,000 fishermen. Financing has or will be obtained to develop this sector from the Saudi Development Fund, Denmark,

part of an integrated palletization project.

Operations in the industrial field consisted of:

- a reorganization of the industrial sector to better monitor the setting up and operation of companies;
- assistance in the creation of new industrial units through increased help to promoters;
- providing existing industries with the protection required for launching operations, while taking into consideration our membership in regional and international organizations.

Operation of the industrial firms in the parapublic sector was satisfactory: this is the case of the SAMIA, which includes a plaster plant with a production capacity of 100,000 tons.

The SAFA now manages the Nouadhibou electrical steelworks, which has been operational for several months due to a drop in the electrical energy costs.

As an indication, on September 30, 1985, the SMCP paid 734 million UM to the Treasury in export duties for bottom fish. For this category of fish, SMCP sales should exceed 7,500 billion UM this year.

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THE AUTONOMOUS PORT OF NOUADHIBOU

PORT AUTONOME DE NOUADHIBOU

PAN

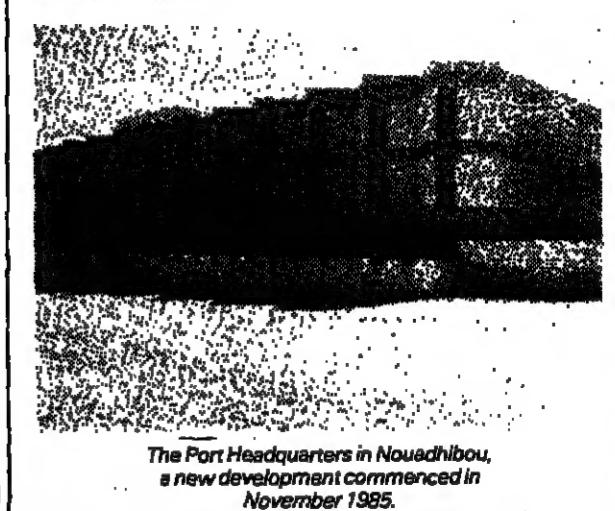


Gaye Sidioui, Director General
of the Autonomous Port of Nouadhibou

The activities of PAN have increased considerably since the installation of NPP, and in particular, since the implementation of the decision taken in 1982 to make it obligatory to unload the hauls of fish (deep water fish) realized in the Mauritanian ZEE. The figures speak for themselves.

1982 393,716 tons handled
1983 822,939 tons handled
1984 840,000 tons handled
1985 954,996 tons handled

The major increase in movements in the port was not realized without creating a certain amount of difficulties, while at the same time it can be seen that the figures for 1985 already correspond to those forecast for the end of the third phase of the PAN development project although the second phase should only have been commenced at the end of 1985.



The Port Headquarters in Nouadhibou,
a new development commenced in
November 1985.

البنك المركزي الموريتاني

BANQUE CENTRALE DE MAURITANIE

Nouakchott
B.P.: 623 623
Télex: RIMBANK - 72 72 -
Tel: 52206

Governor: Mr. Dieng Boubou Farba
Deputy-Governor: Mr. Mohamed Ould Naby

The Banque Centrale de Mauritanie was created by legal decree number 73.118 of May 30, 1973. It took the place of the Banque Centrale des Etats de l'Afrique de l'Ouest, to which the Islamic Republic of Mauritania belonged, alongside other African states and the French Republic.

The Banque Centrale de Mauritanie has, in terms of the statutes that govern its working, all the classic functions of a Central Bank (issuing currency, establishing credit norms, distributing and controlling credits, undertaking economic studies, realizing financial operations on behalf of the State) as well as other specific functions linked to the circumstances of its creation and to the particular importance which it is accorded by government authority.

The Banque Centrale de Mauritanie is thus closely associated with the efforts of the government. Its credit policy is characterized by dynamism, a low discount rate (4.5 percent), the attribution of medium-term credits for periods of up to eight years, and generally, by the encouragement of all industrial, mining, agricultural and social housing projects.

Under the impulse of the Banque Centrale de Mauritanie, the banking system has been considerably developed. Several banks have thus been created:

- The Banque Arabe-Libyo-Mauritanienne (BALM) (Arab-African Bank in Mauritania), with a capital of 140 million ouguiya;
- The Banque Arabe Africaine en Mauritanie (BAAM) (Arab African Bank in Mauritania), with Kuwait participation, with a capital of 300 million ouguiya;
- The Banque Internationale pour la Mauritanie (BIMA) (International Bank of Mauritania) with a capital of 150 million ouguiya;
- The Société Mauritanienne de Banque (SMB) (Mauritanian Banking Society) with a capital of 100 million ouguiya;
- In addition, a development bank and a development fund have been created:
- The Banque Mauritanienne pour le Développement et le Commerce (BMDC) (Mauritanian Bank for Development and Commerce) with a capital of 80 million ouguiya;
- The Fonds National de Développement (FND) (National Development Fund) with a capital of 100 million ouguiya.

الشركة الموريتانية لتسويق الأسماك

S.M.C.P.

THE SOCIETE MAURITANIENNE DE COMMERCIALISATION DE POISSONS

The Mauritanian Fish Marketing Company



ESTABLISHED in June 1984, the SMCP has made it possible to consolidate in a significant manner the New Fishing Policy; to be more specific, it has achieved the main objectives for which it was created. It only began operations in August 1984, without its own capital, but thanks to credit to the tune of 60 million granted by the Banque Centrale de Mauritanie. The SMCP accounts show a loss of 60 million for 1984 and a provisional gain of 100 million for the first quarter of 1985.

The increase in marketable production by the SMCP remains linked to the growth of the national fleet in freezer and cold storage vessels.

The SMCP has likewise increased its partnerships, concluding an agreement over the last few weeks with the Japanese Group C. ITOH which committed itself to purchase 20 to 30% of the production on a regular basis.

In the very near future, the SMCP should make an effort to penetrate several large markets such as those in Africa, (in particular, Nigeria and the Ivory Coast) and those in the Arab world.

The positive action of this company on the Mauritanian economy is evident:

- centralised submission of tenders to purchasers from abroad;
- increases on the sales prices of products to foreign countries;
- campaign against fraud by improved supervision and control of the activities of vessels;
- incentives upon unloading by speedy and guaranteed

settlement of products unloaded at rates equivalent to international rates;

— Elimination of intermediaries, both as regards the intervention of Spanish banks and in relation to marketing.

The result is, in particular in 1985, a substantial growth in quantities unloaded and, consequently, a considerable reflection on the Balance of Payments and an increase in the collection of taxes on fishing rights by the Treasury.

On 30 September 1985, the SMCP paid 734 million UM to customs by way of duty on the export of deep water fish.

The turnover of the company for this category of product must this year exceed 100 million dollars, which is to say, 7,500 million UM, a figure such as never before been achieved.

Fathi Mahouachi

Mohamed ould Mokhtar
Director General of SMCP

**Interview with
Mohamed ould Mokhtar
Director General of the SMCP**

The SMCP has had several substantial secondary effects on the Mauritanian economy, in particular as regards the balance of payments, due to a considerable and guaranteed gain in foreign currency and also on the national treasury by way of tax receipts due to immediate, cash payments; the SMCP has achieved its basic aim, which is to say, marketing Mauritanian fish, subject to Mauritanian law in force which obliges unloading.

F.M.: Initially, one was aware of a certain refusal among the shipowners and commercial operators in your sphere as regards the SMCP, what is the current situation?

M. ould M.: For several months now, I have felt a very great willingness and a sincere wish to cooperate on the part of Mauritanian shipowners, because, what I am interested in is Mauritanian shipowners who produce fish, who fish and sell me the produce to market, and in this much we have begun to understand each other so that I no longer have any problems in this area.

For the last quarter of a century since Mauritania has gained independence, people in this sector have become accustomed to a certain complacency due to the fact that the public authorities in Mauritania, in my opinion, have not always given this sector the importance which it merits and over the last few years the national administration has taken a real interest in the sector, having taken note that this was perhaps the sector of the future. People have become used to working alone and on an individual basis and consequently they present themselves in an anarchical way as persons isolated to the face of their foreign partners who are in a position of strength. Over a period of time, the SMCP has been accepted by the masses and this is the reality on which everyone is counting.

F.M.: You are confronted with fierce competition on the international market within the field of marketing.

M. ould M.: Yes, our geographical zone is interesting by its richness in cephalopods which mainly go to Japan and from this point of view we are in strong competition with our Moroccan brothers and our Spanish friends who have comparable species given the geographical proximity. However, I feel that there is room for everyone and I do not feel that there is any particularly harsh or hindering competition, because you are aware that the protein problem is real and that the world is in need of protein and as such, of fish. In the year 2000, certain geographical zones in the world are threatened by famine, if this is not already with us and we can therefore say that we will market our products with ease and while I am sure that our Spanish friends and our Moroccan brothers will do likewise, there is perhaps, on this occasion, harsh competition among our clients.

F.M.: It is the reverse therefore?

M. ould M.: I feel that it is quite the reverse. In any event I have not been aware of any problem in that area. We have no difficulty in disposing of our fish and we have sold enormous quantities in the months of September, August and October and we continue to do so, in spite of the fact that certain geographical regions such as the Arab world and certain African zones have not been sufficiently investigated, because the SMCP is still in its early stages, and we are thinking of setting up a more all-encompassing strategy for breaking into markets, initially the Arab and African markets. It was a problem of ignorance and lack of communication or marketing, thence, the opportunity presented to us today by the International Herald Tribune in this supplement on Mauritania, is pushing us forward in the direction in which we wish to progress.

F.M.: Prices have almost doubled this year in a favourable trend for Mauritania; do you think this increase will continue or that there will be a stabilisation in prices?

**Interview with the Minister of Fishing and Marine Economy
Mr Taki ould Sidi**

Reminder of the importance of marine fishing for the national economy

In spite of the constant decrease in real terms of the Gross National Product (0.6% per annum) during the last five years, the marine fishing sector has seen, during the same period, its own importance grow, going from 6.5% in 1982 to 9.3% of the G.N.P. in 1984. This is an indication of the dominant position of this growing sector in the economy of our country.

The exports in marine produce, a direct consequence of the implementation of the new Fishing Policy, has increased substantially further to the decision taken in 1982 by the government making it obligatory to unload all demersal species at Nouadhibou, and also the creation of the SMCP in 1984. Thus, fishing which in 1984 accounted for more than 43% of the total exports, during this year should amount to almost 50%, which is to say in the region of \$ 180 million (13 thousand UM). The table below shows the division of the four (4) major categories of fish exported in 1984 in millions of UM and on a percentage basis.

| | Million UM | % |
|--------------------------------------|------------|----|
| Pelagic species and related products | 4,292 | 45 |
| Cephalopods | 3,147 | 30 |
| Deep water fish | 1,235 | 12 |
| Others | 1,425 | 13 |

The contribution of the fishing sector to the national budget is considerable. In 1984 it amounted to 1,559 million UM which breaks down to 1,099 million in duty and tax on exports (20% of the total customs receipts as against 16.3% in 1983 and 14.8% in 1984) and 460 million in the sales of fishing licences to shipowners from abroad.

It should be noted that the tendency is towards an increase in 1985 when, for the first time the budgetary objectives laid down by the government (2,000 million UM) will be realised 100% and may perhaps be exceeded.

These figures show the emergence and the relative success of a complex economic sector, largely confronted by considerable and varying restrictions, not least of which is stiff international competition. In order to appreciate this trend better, it should be recalled that the contribution of the fishing sector in 1978 amounted to only 4.7 million UM.

M. ould M.: It is true, in the space of a year prices have almost doubled for certain species such as the cephalopods. During the same period last year the price was US\$ 2,500 per ton while in the last few months we have sold at US\$ 3,800 per ton. I feel that from here to the end of the year prices will stabilise at around US\$ 3,500 for this species which is very popular on the international market.

F.M.: On the production side you have mentioned that certain potential markets have not been investigated, which indicates that you have provided for a production policy; will the production itself be sufficient?

M. ould M.: I feel that there are not enough dependable studies, as far as I know, which allow us to calculate what our exact potential is, however, it is currently estimated, without exaggeration, at 80,000 ton per annum as regards so called deep water fish. At the present time we produce approximately 60,000 ton per annum. We therefore feel that we can reasonably meet the demands of all those interested.

For a coast of 700 km, an exclusive economic zone of 200 marine miles and a continental plateau of 36,000 km², it has been estimated that the following quantities can be used on an annual basis without risk of over-exploitation:

| | |
|----------------------|--------------|
| ● pelagic species | 440,000 tons |
| ● deep water fish | 100,000 tons |
| ● cephalopods | 42,000 tons |
| ● tuna fish | 10,000 tons |
| ● white fish | 10,000 tons |
| ● langoustine | 700 tons |
| ● deep water shrimps | 4,000 tons |

This estimate, which in no way can be classified as "pessimistic" is based upon that of the FAO and therefore remains controversial in the absence of a scientific evaluation of all our waters. Concerning this evaluation, we have called upon the cooperation of certain allied countries and, in particular, France who kindly replied to our request by returning its module in July within the framework of an agreement which provides for two annual evaluation campaigns for which France is responsible. Contacts have also been made with Canada and the United States. A meeting, under the guardianship of the FAO was held from 16 to 27 September 1985 in Nouadhibou concerning evaluation of the resources. The Centre National de Recherches Océanographiques et des Pêches (The National Oceanic and Fishing Research Centre) likewise benefits from the technical cooperation of the Soviet Union.

Fishing Efforts

As regards the year 1984, the fishing effort was split as follows for quantities declared:

| | |
|-------------------|--------------|
| ● pelagic species | 210,000 tons |
| ● deep water fish | 58,000 tons |

It should be noted that as far as pelagic species are concerned, the fishing effort was limited to 7 1/2 months as opposed to 12, which explains the low level of the figure indicated. This was due to the delay in the conclusion of the contract between MAUSOV and LA SOVRYBFLOT.

Furthermore, given the poor marine surveillance to the south of Cape Timiris and on the open sea, the

F.M.: What about the infrastructure in Nouadhibou?

M. ould M.: As regards the infrastructure, it is the SMCP who markets the produce; there are the fleets which bring in the fish, who call in and, when they berth, their boats are seen to be by the SMCP and the fish becomes the property of the SMCP and is stored as its responsibility; there are land units which have been created over the last few years thanks to the readiness of the Mauritanian authorities in supporting the new fishing policy which is fundamentally based on the notion of unloading. Therefore there are sufficient land units, either refrigerated warehouses or factories, in order to make storage, handling and marketing of the fish possible without any problems.

To conclude, I would mention that we need the assistance of all our brothers and our friends and there are still many projects to be realised; thus the assistance of Arab funding and a certain number of sources of financing from allied countries would be extremely precious to us.

industrial fleet very often worked within the 3 mile boundary and could have carried out high value commercial transhipments of produce on the open seas. This situation makes it very difficult to give a fair evaluation of the real fishing effort in the waters under national jurisdiction. Successive drops in hauls over recent years would indicate that at least as far as some species are concerned, it would seem that an equilibrium has been reached. It has been noted however, during the June to September period, a return in certain species of high commercial value such as the octopus.

Training

In this field there are real and urgent needs, in particular as regards the training of senior staff on board vessels, technicians and research workers.

The total staff of registered Mauritanian marines amounts to 4,239. Those who have had proper training have been issued with marine record cards (2,438 marines); 400 others hold industrial fishing cards and 1,400 hold non-industrial fishing cards. 1,592 are simply taken on.

Marine refresher courses are held at the Centre Professionnel Maritime de Nouadhibou (Professional Maritime Training Centre in Nouadhibou). Financing for the extension of this centre has just been confirmed by the European Development Fund.

As regards training on the whole, two projects have been drawn up with the assistance of the FAO, and these should be operational in the near future.

For higher training, this could be looked after in the future by the Institut Supérieur d'Etudes des Sciences Halieutiques de Nouadhibou (The Nouadhibou Higher Institute of Fishery Studies) financed by the CEAO which is currently being constructed.

Action by the Department in 1985

1985 has for the most part been a year of observation, identification and evaluation of the restrictions which inhibit the harmonious development of the sector. This period of reflection has made it possible, within the framework of the general economic recovery, to define a coherent action programme and to integrate this programme into the overall development strategy citing clear, calculated objectives. It is in this direction that the tasks entrusted to the central and regional departments of the Ministry are orientated.

Fathi Mahouachi

10 November 1985

NOUAKCHOTT

Unloading the SMCP product (usine en mer . . .).

Stocking up in an SMCP shop.

Inside an SMCP warehouse at -30°C.

and . . . landing frozen fish bound for export

S.M.C.P.

Société d'Etat au Capital de 500 millions d'ouguiyas

Nouadhibou - Avenue Médian

Téléphone: 22.81, 23.50 - Telex: 420 MTN B.P.: 259 NDB



Traditional Fishing in Mauritania

Traditional, non-industrial fishing plays a major role in the economic life of Mauritania. It offers a strong job creation potential, the guarantee of a continued onshore supply and a domestic market. To ensure the development of this type of fishing, certain projects have been undertaken with the help of friendly countries and organizations.

Japan was the first foreign country to help traditional fishing in Mauritania. It provided first-class technical assistance and two donations totaling 350 million ouguiya (\$2.67 million) between 1980 and 1983, fishing tackle (canoes, motors and equipment), two 2-ton cold storage rooms, a 2-ton-per-day production factory, and refrigerator and isothermal vans. Following a recent visit by the Japanese Agency for Cooperation, a request was made to the Japanese Government to continue giving technical and financial assistance.

A \$700,000 donation by the Saudi Fund is helping Mauritania finance the following projects:

— the building and equipping of a construction and repair workshop for traditional fishing purposes at Nouakchott.

- the purchase of two all-weather vehicles for the supervisory fishing staff.
- the purchase of 34 fully equipped canoes.
- the recruiting of an expert in the organization of cooperatives, a project which, with the technical assistance of the UNDP, will facilitate the construction of 10 launches, 30 polyester canoes and 20 to 30 isothermal crates for preserving fish for the retail market.

The European Development Fund is financing two projects:

the encouragement and guarantee of the study of the second.

Furthermore, a 7 million CFA francs finance package was recently obtained for the desalination of sea water.

The FAO has agreed to contribute \$724,000 toward financing an on-the-job training program for fishermen. The agreement took effect in late September 1985.

As to the plan to create a non-industrial fishing port at the Baie du Repas at Nouadhibou, two surveys are in progress, one to be financed by FAC, the other by the Independent Port of Nouadhibou. Once finished, these two studies will be forwarded to Fades, which has agreed in principle to undertake the project. Equipment needs in Mauritania are currently estimated at 624 boats manned by roughly 2000 fishermen.

The mission of the SPPAM is to promote traditional fishing. It was set up on August 2, 1983, by Mauritania (35%), cooperative and pre-cooperative fishing units (10%) and Mauritanian business (55%). Its investment program, carried out in 1984 at a cost of 28 million, covers a 30-ton processing plant intended to comple-

ment Nouakchott's already-existing cold-storage facilities, a 10-ton ice factory at Nouakchott and a 2- to 10-ton inland isothermal room.

Investing in a cold-storage complex at Nouakchott, planned between 1984 and 1987, will provide a freezing capacity of 20 tons per day, 800 to 2500 ton storage capacity, the production of 40 tons of ice per day and a motor repair workshop.

SPPAM hopes to increase its storage and freezing capacity later on and set up a cold-storage chain inland. It has realized a turnover of 121,213,809 ouguiya. Activities have so far been limited to the importing and sale of fishing equipment and motors. It should be noted that Italy has shown some interest in cooperating with SPPAM. This cooperation might in the near future take the form of financial assistance and aid in fishing equipment and appliances.

Traditional-style fishing will produce an estimated 12,000 tons per year, half of which will go to the domestic market (essentially the South and Southeast of the country). Another 6,000 tons will either be landed fresh at Nouadhibou and processed at the factories particularly SOFRIMA and COMACOPP, or exported to the Canary Islands and Senegal.

Denmark is providing 500 million ouguiya toward the financing of a cold-storage chain. The financial arrangements are currently being negotiated. This project, managed by SPPAM, will provide the main

ice of sea fishing, and the supply of drinking water to the Imaguen villages through the desalination of sea water by a solar process. The first project should begin very soon, and a committee has been selected to

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SPPAM hopes to increase its storage and freezing capacity later on and set up a cold-storage chain inland. It has realized a turnover of 121,213,809 ouguiya. Activities have so far been limited to the importing and sale of fishing equipment and motors. It should be noted that Italy has shown some interest in cooperating with SPPAM. This cooperation might in the near future take the form of financial assistance and aid in fishing equipment and appliances.

Traditional-style fishing will produce an estimated 12,000 tons per year, half of which will go to the domestic market (essentially the South and Southeast of the country). Another 6,000 tons will either be landed fresh at Nouadhibou and processed at the factories particularly SOFRIMA and COMACOPP, or exported to the Canary Islands and Senegal.

Denmark is providing 500 million ouguiya toward the financing of a cold-storage chain. The financial arrangements are currently being negotiated. This project, managed by SPPAM, will provide the main

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undertake the study of the second.

The European Development Fund is financing two projects:

the encouragement and guarantee of the study of the second.

Furthermore, a 7 million CFA francs finance package was recently obtained for the desalination of sea water.

The FAO has agreed to contribute \$724,000 toward financing an on-the-job training program for fishermen. The agreement took effect in late September 1985.

As to the plan to create a non-industrial fishing port at the Baie du Repas at Nouadhibou, two surveys are in progress, one to be financed by FAC, the other by the Independent Port of Nouadhibou. Once finished, these two studies will be forwarded to Fades, which has agreed in principle to undertake the project. Equipment needs in Mauritania are currently estimated at 624 boats manned by roughly 2000 fishermen.

The mission of the SPPAM is to promote traditional fishing. It was set up on August 2, 1983, by Mauritania (35%), cooperative and pre-cooperative fishing units (10%) and Mauritanian business (55%). Its investment program, carried out in 1984 at a cost of 28 million, covers a 30-ton processing plant intended to comple-

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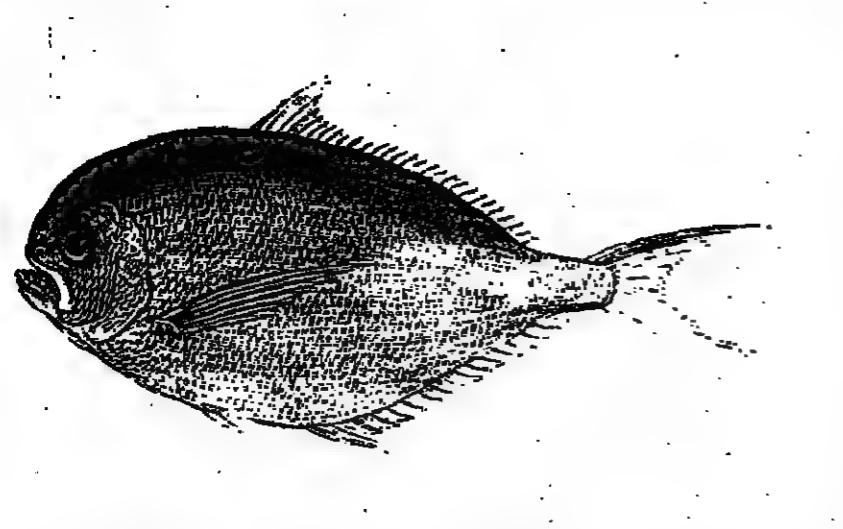
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ADVERTISING SECTION

ADVERTISING SECTION

Mauritania's Fishing Industry



A professional polyglot who previously produced Mauritania's national plan — the Honorable Taki Ould Sid — is now the minister in charge of fishing. The position of Ministre de la Pêche et de l'Economie Maritime has become a very important one in Mauritania: fish revenues in 1985 are expected to exceed record iron ore sales (Guelb and Kedja tonnages total over 10 million tons).

Mauritania has done an about-face in the past several years. In 1977 foreign boats paid only \$3.5 million in fees on a fish harvest worth over half a billion. The loopholes are being closed one by one, and all the big fishing countries have formed joint ventures with the Mauritanian government through the umbrella fish organization, SMCP. In particular, the Samip agreement with Iraq is on the point of becoming operational, that of Mauv with Russia is new and operational, and that of Comacop with South Korea specializes in

tuna. Almap deals with Algeria, MSP with Scandinavia, Simar with Romania, and Salimare with Libya and other Arab countries.

The SMCP has decreed that "All production (i.e. catches) carried out in Mauritanian waters must be unloaded and stored — at least one week — in Nouadhibou." It has yet to enforce this rule but is moving in that direction. Boats that fish quickly and then proceed to Las Palmas to unload may have a bumpy ride, particularly when the new surveillance system is in place. Mauritania is considering joining forces with Senegal to form a coast guard service patrol 200 miles seaward with MTBS, backed up by helicopter and surveillance aircraft.

However, it is not necessary to go 200 miles out to sea to catch fish off Mauritania, a country blessed with some of the richest fishing waters in the world. The fish are coming just 100 yards off the SNIM hostelry at Cité Cansado, seven kilo-

metres south of Nouadhibou. West African waters are indeed unique. The sun during the day beats up the surface water and then, as the land becomes cooler than the sea, reverse currents drive the surface water below, the sea becomes agitated, and seaweed and trace elements are released. Most fishermen have returned home by then, and fish come out from their lairs and feed. Of course, fishermen in the know stick around, and the harvest is colossal.

Even in the early morning when the surface of the sea is coldest, some fish are easy to catch, and Senegalese fishermen sitting in Cansado cove need only paddle out 100 meters to fill their nets. Similarly, at Nouakchott, fishing off the beach alongside the Hotel Sabah is a popular Senegalese pastime. Over five tons of fish are brought ashore each evening by just a few motorized canoes. The fishing is so rich that herring and shark fins are just discarded on the beach. Sea

the majority of fish landed at Nouadhibou are Cephalopods fish. All become property of the government-owned Mauritanian fish marketing organization, SMCP (Société mauritanienne de commercialisation de poissons). Pelagic surface-dwelling fish such as the sea bream, red snapper, shark and grouper are fished from small boats. The catch is then transferred to larger boats that bring the frozen fish to the quay at Nouadhibou. But it is quite common to see Demersal fish too, the bottom-dwelling Cephalopods varieties like squid and octopus. In 1980 one ton of Cephalopods fish in Nouadhibou could be bought for \$1500 and sold in Europe for over \$7000. In 1985, the market price in Nouadhibou for Cephalopods fish reached \$3800.

Nouadhibou remains a relatively cheap fishing port.

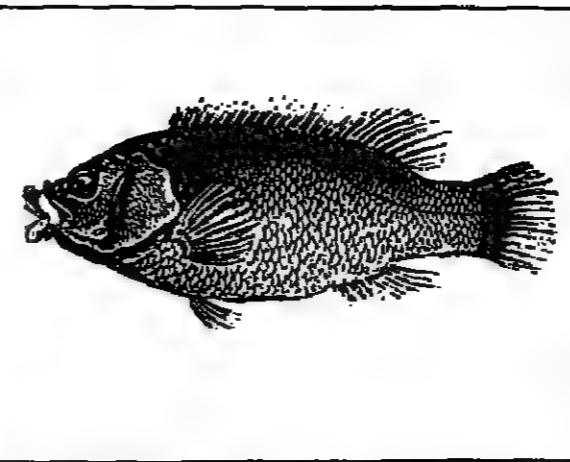
There are also fish like tuna, lobster and shrimp, and certain countries have made one or the other their specialty. For example, the North Koreans are expert in hunting schools of tuna in West African waters and have virtually monopolized this market. Herring also prefer to move together in schools of fish, and the government is looking at the latest fishing boat designs to see how the catch can be increased. The Dutch recently invented a ship that simply sucks great quantities of sea and fish into its hold and then expels the water. The West Germans have improved the design and it is now possible to buy one of these large fishing trawlers for \$18 million and to catch and pack a thousand tons of high-priced tuna in just 14 days with a crew of 15. In the rich waters of Mauritania it is sometimes possible to make such a catch in one week. The technique is to use sonar and surround a feeding school of tuna with net and then suck all of them into the trawler.

At the opposite end of the

scale, old worn-out and rusty fishing boats remain a problem. In the past, some foreign companies have brought boats to Nouadhibou, anchored them and then, having flown home

used to a sea-going life. Non-French-speaking Mauritanians can generally converse with the Senegalese fishermen by talking to them in Wolof, Tukulor, Sérink and Bambara (Malian)

Besides its joint ventures, SMCP cooperates with various fishing companies that now back up the Nouadhibou fishing operation. Fip, Sofrima, Samra, Smaip, Almra, Mauv, Simar, Salimare, Marama, Comar, Siap, Somacop, Sipco and Srf provide loading and handling equipment, marine studies, commercial and industrial operations, chandlering, transit storage, charterage and lightering, freezing and freezer boats. The SMCP realized a turnover of 1 billion ouguiya in 1984 (63.8 ouguiya = \$1), and operates over 80 boats under the Mauritanian flag. Mr. Mohamed Ould Mocan, the managing director, reports directly to the Minister of Fishing and Maritime Economy and is in direct personal contact with all the buyers. His greatest success has been in setting up joint ventures with all the main trading partners. Another major figure in fishing at Nouadhibou is Mr. Mohamed Salem Ould Sidha, the president of FIAP and director-general of SOFRIMA. He has helped considerably in exploiting available fish resources effectively.



the crews abandoned the boats to the elements.

Fishermen in the Nouadhibou harbor are a disparate lot, but North Koreans, Spanish and Japanese provide the backbone. There are many Mauritians working on the quays as crane drivers, etc., but few so far who put to sea as fishermen; it will take another ten years for nomadic Mauritians to get

other African languages often used around the port of Nouadhibou.

Onshore freezing capacity reached 8,000 tons in August 1985. Meanwhile, the Friendship Port, scheduled to open in 1987, is expected to handle half a million tons of general cargoes for Mauritania and trading with landlocked neighboring West African countries.

Mauritania's Supply of Fishing Boats

Following is the breakdown of fishing boats currently in use in waters under Mauritanian's jurisdiction:

- 94 national vessels, 62 equipped with freezing rooms and 32 industrial or semi-industrial ice-boats, all landing at Nouadhibou. Mauritania's equipment consists of old units.
- 52 deep-sea boats chartered by the mixed companies of Mauv, Simar and Samip.
- 41 deep-sea boats and various others chartered by companies, or nationals landing at Nouadhibou.
- 89 foreign vessels with licenses broken down as follows:
 - five South Korean boats fitted with freezing equipment and operating under an agreement with South Korea.
 - seven South Korean boats fitted with freezing equipment and operating in accordance with the minutes signed with the Daewoo group on August 16, 1984.
 - three Algerian ice-boats conducting sales at Almap.
 - 23 tuna or tunney fishing boats (4 Senegalese and 19 French for the Lagan Artesu cooperative).
 - 13 cod-fishing boats that belong to the Spanish unit known as the "Co-operative Cadiz."
 - 10 lobster-fishing boats for "France-Langouste."
 - 21 shrimp-fishing boats, 18 of which belong to the Spanish unit known as Anamar and three to the Senegalese company.
 - three deep-sea vessels for the Iraqi company, C.I.P.

The necessity and urgency of the naval repairs base project are evident to all. Initial contacts for funding have been made with the Kuwait Fund, the World Bank and the Caisse Centrale de Coopération Economique, all of which have expressed a certain interest in this project. A note sent in May to the Kuwait Fund updated the economic data and cited the essential technical elements contained in the feasibility study realized in 1980 by the Anglo-Saxon firm Kingston Marine Technology. This note is in preparation of a meeting to be held on the development of fishing in Mauritania and to which the above funding organizations have been invited.

Similarly, an agreement has been signed with the French firm Sofrime to finance, through the Caisse Centrale de Coopération Economique, the dimensioning of the future base and the reorganization of Nouadhibou's Port Autonome. The team charged with realizing this study went to Mauritania in late October.

MAURITANIA 25 Years After Independence



Mohamed Salem Ould Heine
Director General of SNIM.

SNIM

SOCIETE NATIONALE INDUSTRIELLE ET MINIERE

IRON ORE IN MAURITANIA

On 12 July 1984, the El-Rhein Guelb iron ore processing plant north east of Zouerate officially came on stream with 4 million tons of Guelb ores already neatly stacked for treatment/enriching in a dry magnetic process. Zouerate is a mining town built over 20 years ago; iron ore has been mined in Mauritania since 1963, but the original development was for the hematite mines in the great massif of Kedia d'Idjil. Tazadit is one of the most famous mines in the world but the deposits are now worked out, except for Tazadit VI. From Tazadit, all along the 30 mile north face of Kedia d'Idjil there are more mines — Rouessa, Segazou, and F'Derik (a mine as well as a town), but only Tazadit VI and Segazou will be operational in 1990 and the tonnage of Kedia ores exported from Nouadhibou — 400 miles down the railway track — will only amount to 3/5 million tons. Already the F'Derik mine has closed (June '85). A typical ship loading in Nouadhibou today would take on board a selection of Mauritanian ores; for example, the Fuerte Ventura loaded 51,000 tons of Guelb ores and 73,000 tons of several grades of Kedia ores between 1800 on 23rd June and 0800 on 25th June 1985.

When SNIM, the mining company based on Nouadhibou, re-

alised that the Kedia ores would be exhausted well before the end of the century, it knew it would have to develop Guelb ores at the 81/82 rate of 6.5 to 8.5 million tons per annum. In 1986, Mauritania budgets to sell over 10,000 tons of various grades of iron ore.

Guelb are mountains of iron protruding through the desert plateau north and north-east of the Kedia d'Idjil massif; these black quartzite 'rocks' rise as high as 675 meters (Atomai gueilb) above sea-level and are 35/42 per cent magnetic quartz iron ores. The first two gueilbs picked on for development were El-Rhein (490 meters when 'levelling' work started — the iron plug descends into the plateau so the El-Rhein gueilb mine will soon be worked as a hollow after the mountain top has been dug away) and Oum-Arwanen, start-up set for 1989/1991, dependent on the development of Guelb ores demand. The first train of Guelb ores only reached Nouadhibou in November 1984 and Guelb sales in 1985 are not expected to make a major contribution to the projected 10 million tons of exports in 1985 will be the first major Guelb ores' year.

Long before the switch that set in motion the primary crusher, the Aerials and the magnetic separation plant, was operated, giant 80 ton capacity trucks were carting El-Rhein Guelb ores down to the first stockpiles and the summit of the Guelb had been sliced off completely. The enriching plant is sited close to the Eastern side of El-Rhein and just 10 kms from the second Guelb, Oum-Arwanen. Now Mauritania can look forward to producing and selling up to 15 million tons per annum of Guelb and Kedia ores — a reasonable target for 1989/1990. Sixty-six millions tons of Guelb mountain has to be dug away to produce 33 million tons of Guelb ores and then the plant enriches this from 37/42 per cent to 65/68 per cent 'Fe' iron ore by

crushing it and extracting the ore element magnetically — mercifully a 'dry' process. Kedia ores are non magnetic and the lower grades would need millions of gallons of water in an enriching process, and there is no water.

El-Rhein is close to Zouerate so, for the Guelb development it was possible to use the existing infrastructure. More workers' houses were built in Zouerate and also a road N/NEastwards joining the El-Rhein mine and plant to the Kedia ores complex at Zouerate. A railway was also built north-eastwards from F'Derik to El-Rhein as a spur line. Naturally, 400 miles away in Nouadhibou, a refit was carried out to receive the Guelb ores — three trains a day should be normal by 1987 and tonnages are steadily increasing from 7.4mt in 1983 through 9.5mt in 1984 to over 10mt in 1985. Dependent on the economies of Europe, the USA and Japan, the 10mt tons high-watermark should be passed in 1985/86. Saudi Arabia, Kuwait, Abu-Dhabi, Japan, ABD/BAD, OPEC, EC, World Bank, Iraq, Morocco and France have all put money into the SNIM/Guelb project. It is a great tribute to SNIM management that there were no overruns and the work was completed within the set Dollar timelines (\$450 million maximum). There is nothing to hold Nouadhibou back from exporting over 14mt of iron ores a year, the record month to date was May 1983 with 1.28mt and work programs currently cater for 6 ships in one week. Mauritania's major iron ore customers are Italy, Belgium, France and the United Kingdom as the table demonstrates.

Rupert Bibra.

| Exports of ore to 4 leading customers | | | |
|---------------------------------------|-------------|--------|--------|
| 1978 | 1985 | 1984 | |
| 1.45 | ITALY | 2.32 | 2.87 |
| .51 | BELGIUM | 1.55 | 2.23 |
| 2.20 | FRANCE | 1.65 | 2.19 |
| .88 | U.K. | .69 | 1.02 |
| 6.50mt | ALL MARKETS | 7.40mt | 9.52mt |

mt = Millions of Tons

| | FeT% | Fe + % | SiO2% | Al2O3% | P% | S% | d50 () | % de —150 |
|------|------|--------|-------|--------|-------|-------|---------|-----------|
| GMAB | 66 | 18 | 7 | 0.3 | 0.015 | 0.012 | 370 | 20 |
| GFM | 65 | 6 | 6.5 | 0.5 | 0.02 | 0.012 | 400 | 13 |

The chemical specification of the new GUELB ores



SNIM symbol at entrance to the mining village of Cansado.

Central iron ore grinders at ore tanker port.

Loading of ore tanker at SNIM ore tanker port.

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ALGERO MAURITANIENNE DES PECHES



Brahim Ould Bokharia
Director General of ALMAP

One of the
refrigerated
4.5 ton vessels.
Deep water
vessel
unloading its
haul at the Port
of Nouadhibou.



Control room
The most
refined
installation and
equipment in
Africa.

- Capital 4 million \$US
- Investment 16 million \$US (loan from the Banque Algérienne for ALMAP development)
- Modern factory, the only one of its type in Africa
- Laboratory - mechanical workshop - electrical workshop - net preparation workshop - storage system "Stocax" automatic
- Fresh fish equipment
- Six 22m vessels - 5 freezers
- Production 8,000 t/year
- Export exclusively on the Algerian market in collaboration with SMCP
- 8,000 ton in 1985 - 15,000 expected for 1986 - only fish of the highest quality.

ALMAP - Ass't. Director General - Ahmed Hachmoui
P.O. Box 321 Nouadhibou - Mauritania
Telex: 424 MTN Tel: 2148 2301



MAURITANIA

25 Years After Independence

Top left, the pale-skinned Touareg peoples take care not to expose their skin to the sun. Top right, nomads set out in the desert. Above, a Mauritanian milkman on wheels draws off a measure of milk. Left, drinking tea to wash away the dust of a long day's traveling. Middle, a typical Mauritanian decoration.

Agricultural Development Hinges on Irrigation Projects

For the farmers in Mauritania's main agricultural area, along the southern border, 1986 could be a happier new year indeed. An important new dam at the mouth of the Senegal River will stop the incursion of salt water washing back in from the Atlantic.

The Djama dam, built as part of the work of the Organisation pour la Mise en Valeur du Fleuve Sénégal (OMVS), has just been completed ahead of schedule by mainly French and Spanish contractors. Finance for the \$156 million dam came from several Arab donors — Abu Dhabi, Kuwait and Saudi Arabia — and from France, the Abidjan-based African Development Bank (ADB) and the ADB's concessionary-lending arm, the African Development Fund.

Salt-water incursion has caused severe damage to cropland in previous years when drought occurred. In 1983, for example, Mauritania's total rainfall was only 27 percent of the average level for the period 1940-1971. With less water coming in, the volume of the Senegal River fell dramatically, and the force of the flow was not strong enough to prevent salt water from the ocean from washing in with the tide over vulnerable croplands. This has occurred in other years as well.

The Djama dam, on the river's delta, now halts the inflow of salt water even when the river level is very low upstream. It also forms a reservoir for irrigation.

Irrigation is of vital importance to Mauritanian agriculture. Only a small proportion of the country's total land area is usable for agricultural purposes. The Sahara Desert covers two thirds of Mauritania, and much of this land has too little vegetation even to graze cam-

els. No rainfall at all has ever been measured in some parts of Mauritania.

Still, a few larger oases do support some forms of agricultural activity, Atar being a main one. Herders raise goats and camels, and some oases produce tree products like dates and gum arabic, which comes from the sap of certain types of acacia tree. A few oases even support millet-growing, though on a small scale.

Most of the other third of Mauritania is Sahelian land. Twenty years ago, the area used to support many people who grew millet and sorghum and raised goats, sheep and camel. Drought came year after year, though, and herds were decimated. When enough successive crops failed, many people left the land.

Often one reads of a 17-year drought in Mauritania or of similarly lengthy dry periods in other countries. Drought, though, is perhaps not a strong enough word for what is happening in the Sahel. Experts consider 250 millimeters of rainfall a year the bare minimum — the difference between marginal land such as the Sahel and unproductive true desert land like the Sahara. In Mauritania, that line has moved 200 kilometers southward in the past 20 years. This means that a strip of land 200 kilometers wide and potentially running the entire 1,000-kilometer width of Mauritania — an area of 200,000 square kilometers, or one fifth of the country's entire surface area — has changed from marginal land to unusable land. And that ominous line is still moving southward today.

Several projects are under way to halt desert encroachment by planting grasses on shifting dunes. It therefore falls to the *chamans* — that narrow strip of land along the Senegal River —

to produce most of the country's food and cash crops. Measuring some 10-25 kilometers wide and running about 400 kilometers long, the *chamans* can, given favorable conditions, produce millet, sorghum, paddy rice, beans, vegetables, groundnuts, sweet potatoes, yams, and even corn, wheat and barley. Official figures for the 1983 crops are not yet available, but it is widely expected that the millet and sorghum crops will have risen perhaps threefold or more from 1984's drought-reduced level of just 12,000 metric tons. The 1981 output of both grains was 67,000 metric tons.

The Rome-based United Nations Food and Agriculture Organization (FAO) has no fewer than 15 projects under way in Mauritania at the present time.

They range from providing fertilizers to subsistence farmers to establishing seed farms, funding a system of agricultural credit, rehabilitating pumping systems for existing irrigation systems, controlling cattle pastures and diseases and improving fish-processing techniques (see related articles on the fishing sector).

Linda Van Buren

Several small-scale irrigation schemes will soon be implemented in southern Mauritania. The World Bank's soft-lending affiliate, the International Development Association (IDA), extended in 1983 a credit of 7.7 million special drawing rights (SDRs) equivalent to \$8.2 million, which will partially finance 75 irrigated plots of 20 to 25 hectares each to benefit 2,900 farm families and produce 10,000 metric tons of grain annually. The French are funding a similar scheme involving 82 plots at Boghé, and the European Development Fund is now appraising (Binnie and Partners of the U.K. is conducting the study) a 2 million European currency unit (ECU) (\$1.7 million) project to build small dams in the Hodhs region.

CONCLUSIONS

The putting into service of the Friendship Port, planned for 1987, will allow Mauritania to not only unload all its imports, but also, and above all, will give the land-locked countries of the sub-region access to the sea.

Maritime Establishment and Project for a Deep Water Port in NOUAKCHOTT

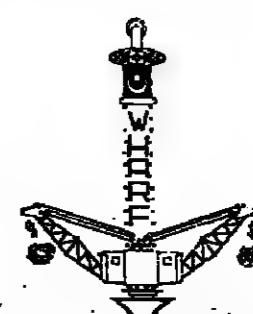
Created to meet the import and export requirements of our country and therefore reducing its economic dependence vis-à-vis foreign countries, the task of the wharf in Nouakchott was to unload 50,000 tons annually, with this figure capable of being increased to 100,000 tons by the strengthening of existing equipment.

In 1988 the first extension of the wharf took place for an investment of \$3,081,704 UM from the EDF; the second took place in 1975 for an amount of \$4,401,137 UM from the CIO and the last was to become a reality in 1981 with the construction of the cement-manufacturing docking wharf. This construction cost the Cement Company of Mauritania a sum of 12 million Ouguiyas.

After this last extension, the annual unloading capacity of the wharf is 450,000 tons.

In 1982, 325,442 tons were unloaded, of which around 94,336 tons of cement is the largest figure ever achieved since the building of the wharf.

E.D.F.: European Development Fund
C.I.O.: Crédit Industriel de l'Ouest (Industrial Credit of the West) (France).



TEL: 514-53 516-15
B.P. 267-NOUAKCHOTT
TELEX 538 MTN

| NYSE Most Actives | | | | | |
|-------------------|------|-----|------|------|------|
| Vol. | High | Low | Last | Chg. | Per. |
| Trans. 4016 | 274 | 264 | 274 | +1 | +3% |
| Exxon 3424 | 258 | 256 | 258 | +1 | +3% |
| Exxon 3425 | 258 | 256 | 258 | +1 | +3% |
| AT&T 1325 | 245 | 242 | 245 | +1 | +3% |
| ITT Co. 1152 | 234 | 232 | 234 | +1 | +3% |
| Texaco 1078 | 145 | 136 | 145 | +1 | +3% |
| USG 1062 | 345 | 345 | 345 | +1 | +3% |

| Dow Jones Averages | | | | | |
|--------------------|---------|---------|---------|-------|--------|
| Open | High | Low | Last | Chg. | Per. |
| Trans. 1651.12 | 1588.44 | 1584.93 | 1588.44 | +28 | +1.7% |
| Trans. 718.52 | 722.18 | 718.52 | 718.52 | +1.52 | +0.2% |
| Trans. 1152.14 | 1151.57 | 1151.57 | 1151.57 | +0.55 | +0.05% |
| Trans. 1224.47 | 1211.39 | 1211.39 | 1211.39 | +0.47 | +0.04% |

| NYSE Diaries | | | | | |
|--------------|----------|--------------|-----------|----------|------|
| Advanced | Declined | Total Issues | New Highs | New Lows | Per. |
| 124 | 121 | 245 | 12 | 17 | 7% |
| 125 | 121 | 246 | 12 | 18 | 7% |
| 126 | 121 | 246 | 12 | 18 | 7% |
| 127 | 121 | 246 | 12 | 18 | 7% |
| 128 | 121 | 246 | 12 | 18 | 7% |
| 129 | 121 | 246 | 12 | 18 | 7% |
| 130 | 121 | 246 | 12 | 18 | 7% |
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Pardon our pride.

For generations GE and RCA have touched the lives of millions of people. We have embodied the creative spirit of America. Its technological greatness, scientific advances, dynamism and movement.

We have entertained America and defended it. Illuminated its homes and made its airwaves dance.

Above all, we have been a pulse of progress and free enterprise.

The planned merger of our two great companies is an event that makes us very proud. And equally optimistic.

We will be a company whose strengths will have profound and beneficial effects. A company that will compete with anyone. Anywhere. In every market we serve.

We are proud of the people who over the years have built our two companies into great organizations achieving modern-day miracles. And of the people who've worked so diligently to keep our companies great — through periods of economic difficulties and technological change.

We are two companies with proud pasts. We will become one company with an important future. For the people of this country and countless millions of others around the world.

All will benefit from our products, our services, and our capabilities.

That makes us especially proud.

And very
enthusiastic.

RCA



BUSINESS ROUNDUP

U.S. Court Grants Texaco a Breather

Compiled by Our Staff From Dispatches

NEW YORK — Texaco Inc. said Wednesday that it had won a temporary federal court order barring Pennzoil Co. from attaching Texaco assets before other issues are settled in an \$11.1-billion damage judgment against Texaco.

U.S. District Judge Charles Brieant issued the order Tuesday night in White Plains, New York, the city where Texaco is based.

The order enjoins Pennzoil "from taking any action of any kind whatsoever to enforce or attempt to enforce" the damage judgment entered last week by a Texas state court judge, Texaco said.

Judge Brieant scheduled a hearing for Friday to hear arguments on Texaco's request for a preliminary injunction against Pennzoil.

Investors reacted strongly to the

news. In heavy trading at midmorning on the New York Stock Exchange, Texaco shares were up \$1.50, to \$39.125, while Pennzoil was off \$4.625, to \$59.875.

A Houston jury ruled Nov. 19 that Texaco had wrongfully interfered with a merger agreement between Pennzoil and Getty Oil Co., before acquiring Getty itself. The jury awarded Pennzoil \$10.53 billion in damages.

The judge, Solomon Casell Jr., affirmed the award on Dec. 10, as well as \$600 million in interest. He said more interest would accumulate at the rate of 10 percent annually.

Judge Casell also temporarily waived a Texas requirement that Texaco pay a \$12-billion bond after the two companies agreed not to provide Texaco with enough protection to enable it to conduct its business in an orderly manner.

Both Texaco and Pennzoil have said in the past that they are willing to discuss a settlement. On Tuesday, a Pennzoil director, Baine Kerr, indicated there had been some preliminary contact between them but nothing substantive.

Meanwhile, Texaco appeared close to completing a new financing package with 30 of its bankers that would give the company desperately needed cash.

According to banking sources, Texaco was preparing to sell \$1.7 billion of accounts receivable to its banks. The advantage of such an arrangement, known as factoring, is that Texaco would receive working capital and the bank would depend on Texaco's customers rather than Texaco for repayment.

Texaco confirmed Tuesday that it was negotiating to sell a package of receivables to a syndicate of banks led by Manufacturers Hanover Trust Co. It said the proceeds would be used to replace other manufacturing obligations, which include its commercial paper. (AP, NYT)

Turner, Viacom Fail to Conclude Joint Venture

Reuters

West German Unit of ITT Expects Higher Net in '85

Reuters

STUTTGART — Standard Elektrik Lorenz AG, the West German subsidiary of ITT Corp., expects 1985 group net profit to be higher than last year's 51.2 million Deutsche marks (\$20.4 million), chairman of the management board said Wednesday.

This year's turnover for the group, which is 86-percent owned by ITT, should rise to around 5 billion DM from 4.5 billion in 1984, the chairman, Helmut Lohr, said at a news conference.

On another subject, Mr. Lohr said Standard Elektrik Lorenz had agreed to buy the remaining 51 percent of Computertechnik Müller GmbH from Dicoh GmbH. He declined to give the purchase price. The chairman said he was not

Genentech Given Monopoly On Genetically Made Drug

By Kathleen Day

Los Angeles Times Service

LOS ANGELES — The federal government has awarded Genentech a seven-year monopoly in the use of a genetically engineered牛牛 hormone.

The Food and Drug Administration on Monday gave Genentech's drug, called Proprotin, status as an "orphan drug" for the treatment of ovulation hormone deficiency and Turner's Syndrome, a chromosomal disorder in female children. Orphan drugs are those intended to treat diseases affecting no more than 200,000 people.

The status means that even if the drug, which is a genetically engineered version of a human protein, is to win a U.S. patent, it will be protected from competing substances for seven years.

Genentech, based in San Francisco, said that it believes it is the first company to win such status for a drug that is also eligible for patent protection. It has filed several requests for patents on the molecule that want approval to market competing drugs.

Proprotin won approval in October as a treatment of growth hormone deficiency, making Genentech the first biotechnology company to sell a drug under its own label.

In 1983, Genentech's human insulin was the first biotechnology drug to get Food and Drug Administration approval. But the approval was granted to Eli Lilly, a giant pharmaceutical company that licensed the substance from Genentech.

The orphan-status system is intended to give companies an incentive

to develop drugs that otherwise might be unprofitable, given the small number of people who would buy them.

Growth hormone is like any prescription drug, however. Licensed physicians can prescribe it for uses other than those for which it has been approved. A lucrative second market for Genentech's drug has been created by athletes who use it to enhance muscle growth.

Because the Food and Drug Administration has granted the orphan status, the agency will not even consider requests from companies who want approval to market competing drugs.

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Itoh Says Net Doubled in First Half

Reuters

OKYO — C. Itoh & Co., the once commercial trading company with activities in textiles, electronics and fuels, reported Tuesday that its first-half net profit almost doubled from the year-earlier figure.

The group estimated that its net for the complete year will be about 16 billion yen, up from 13 billion yen a year earlier.

A spokesman for the company said that if the average yen rate in the current October-March half is 200 to the dollar, sales are projected dropping around 900 billion yen.

at the company said the rise of

This announcement appears as a matter of record only.

\$25,000,000 Overseas Private Investors, Limited

Regular Capital Stock
Accumulation Capital Stock
\$1,000 per share

All of these shares have been privately placed with Non-U.S. Institutional investors. Overseas Private Investors, Limited will make direct equity investments in corporations located in the United States in association with investments to be made by Bessemer Securities Corporation. Overseas Private Investors will be advised on these investments by Bradford Associates and Bessemer Trust Company, N.A. (New York).

The undersigned have acted as agents in this placement.

Compagnie Européenne de Représentation Financière S.A.
(Cerepfi)

Callander Securities, Ltd.
Bessemer Trust Company (Cayman), Ltd.

IRI Plans to Offer to Public A Stake in Its Aeritalia Unit

Reuters

ROME — Istituto per la Ricostruzione Industriale, the Italian state holding company, said it will offer 35 percent of the share capital of the aerospace products manufacturer, Aeritalia SpA, to the public.

The partial privatization of Aeritalia, now 20-percent owned by IRI and 80 percent by Finmeccanica SpA, was decided by directors of both companies Tuesday, an IRI spokesman said Wednesday.

The operation would take place in several stages, the spokesman said.

First, Aeritalia's share capital would be raised to 300 billion lire (\$175 million) from a current 250 billion lire in an operation to be subscribed by the existing shareholders.

On approval of a company application for a listing on Italian stock exchanges, 17.5 percent of the total share capital will then be offered to the public. This offer is expected to take place from February to March 1986.

The offer price has not been set, but the chairman of Finmeccanica, Franco Viezzoli, said in a published report Wednesday that a realistic price would be around 1,950 lire per 1,000 lire nominal value share.

The third stage, which will raise the public holding to a maximum of 35 percent in the next two years, involves the issue of a seven-year, 105-billion-lire IRI-Finmeccanica bond convertible into Aeritalia shares. IRI and Finmeccanica would raise an estimated 200 billion lire through privatization.

Aeritalia shareholders were meeting Wednesday to vote on the privatization plan and on a proposed split of existing 10,000-lire Aeritalia shares into 1,000-lire units.

Aeritalia earned 16.5 billion lire on sales of 1,163 billion lire in 1984 and expects higher profits and sales this year.

COMPANY NOTES

American Cyanamid Co. will lay off 400 of the 600 workers at its plant in Linden, New Jersey, during 1986, it said. The company is transferring the manufacture of three chemical products to other plants.

BasF AG of West Germany said it had taken over American Cyanamid's fiber-making unit of Alcoa NV, the Dutch chemicals company.

Boeing Co. said it had received orders for five 747 jets worth \$490 million. Lufthansa bought a 747-200B and a 747 freighter, All Nippon Airways ordered two 747-200Bs and KLM Royal Dutch Airlines ordered a 747-300.

Coleco Industries Inc. said it had begun a tender offer of \$2.10 per share for the 60 percent of shares in Leisure Dynamics Inc. that Coleco does not already own.

Footman-Lat Associates Inc., a New York City-based investment firm, said in a filing with the Securities and Exchange Commission that it had raised its stake in Hammermill Paper Co. to 1.6 million common shares or 10.4 percent of the total outstanding.

Gillette Co. has reached agreement with La Toja Cosmeticos SA to take over the unprofitable Spanish cosmetics company for 3 billion pesos (\$19.2 million), a spokesman for La Toja said.

Socony-Mobil Co. said it would take an after-tax charge of about \$170 million against fourth-quarter results because of a write-down of oil and natural gas reserves and a reduction of the carrying value of oil equipment in the oil service field.

Under the acquisition plan, Turner had registered with the commission to sell \$500 million of zero coupon notes, \$500 million of extendible senior notes, \$500 million of senior subordinated debentures and \$5 million convertible preferred shares through Drexel Burnham Lambert Inc. The acquisition is scheduled to close around Jan. 21.

As a result, the company said, it is amending Securities and Exchange Commission filings to update its financing plan for the acquisition. But it said Drexel Burnham Lambert Inc. has advised it that it will proceed on the basis of the financing plan despite the outcome of the Viacom talks.

Protopin won approval in October as a treatment of growth hormone deficiency, making Genentech the first biotechnology company to sell a drug under its own label.

In 1983, Genentech's human insulin was the first biotechnology drug to get Food and Drug Administration approval. But the approval was granted to Eli Lilly, a giant pharmaceutical company that licensed the substance from Genentech.

Trafalgar Sells Stake In Evening Standard

Reuters

The yen will cause its group sales to fall in the second half of its business year, ending March 31.

Sales for the whole year, however, will be higher at around 15.700 trillion yen from 14.545 trillion yen in the previous year.

The group estimated that its net for the complete year will be about 16 billion yen, up from 13 billion yen a year earlier.

A spokesman for the company said that if the average yen rate in the current October-March half is 200 to the dollar, sales are projected dropping around 900 billion yen.

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Deutsche Bank's Offering Of Daimler Is Closed Early

Reuters

FRANKFURT — The public offering of about 3.4 million shares of Daimler-Benz AG has been closed early in the face of heavy demand, Deutsche Bank AG said Wednesday.

The bank acquired the shares as part of its purchase of the Flick group earlier this month.

The bank's announcement Tuesday that it had begun a wide public placement through a consortium of West German and foreign banks took the stock market by surprise.

It had been widely expected that the shares would be offered early next year.

The shares were being offered at 1,120 Deutsche marks (\$446) per 50 DM shares, about 100 DM below Tuesday's close on the Frankfurt bourse.

The shares amount to 10 percent of the automaker's total 1.7 billion DM capital.

After active trading, Deutsche Bank closed Wednesday at a record 857, up 56 over Tuesday's close.

The offer price ensures Deutsche Bank's price has been boosted partly by strong operating earnings but mainly by a growing realization that it will make a huge extraordinary profit

from the Flick transaction.

Toyota Reduces Output Target, Cites Exports

United Press International

TOKYO — Japan's top automaker, Toyota Motor Corp., has cut its production target for the first time in 10 years, citing a worsening export environment.

"We can hardly expect an increase in exports in view of slow demand in the Middle East, Africa and China," Toyota's president, Shoichiro Toyoda, said Tuesday. "The U.S. economy also is expected to grow at a slow pace."

The output target for 1986 has been set at 3.63 million units, down 30,000 units from this year, according to company officials.

They said exports are expected to decrease by 4 percent from this year to an estimated 1.9 million units. Domestic sales are estimated at 1.73 million units, up 3 percent over this year. Total demand on the domestic car market is estimated at 4.12 million units, up 2.5 percent or 100,000 units over this year, the officials said.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Washington, D.C.

DM 1,000,000,000
Zero-Coupon Deutsche Mark Bonds of 1985/2015

All of these bonds having been placed, this announcement appears for purposes of record only.

AN ANNOUNCEMENT BY THE COMITÉ COLBERT

INTERNATIONAL BANK FOR WORLD BANK

RECONSTRUCTION AND DEVELOPMENT

Issue Price: 13% on December 20, 2015 at the principal amount at all German stock exchanges

Commerzbank Aktiengesellschaft

Bayerische Landesbank Girozentrale

Salomon Brothers International Limited

Baden-Württembergische Bank Aktiengesellschaft

Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft

Citicorp Aktiengesellschaft

Deutsche Girozentrale - Deutsche Kommunalbank - Industriebank von Japan (Deutschland) Aktiengesellschaft

Merck, Frosch & Co. Nomura Europe GmbH

Swiss Bank Corporation International Limited Vereins- und Westbank Aktiengesellschaft

Badische Kommunale Landesbank - Girozentrale - Berliner Bank Aktiengesellschaft CSFB-Effectenbank AG

Hamburgische Landesbank - Girozentrale - Landesbank Rheinland-Pfalz - Girozentrale - B. Metzler seel. Sohn & Co. Norddeutsche Landesbank Girozentrale

Trinkaus & Burkhardt KGaA M.M.Warburg-Brinckmann, Wirtz & Co.

Dresdner Bank Aktiengesellschaft

Bayerische Vereinsbank Aktiengesellschaft

DG Bank Deutsche Genossenschaftsbank

Westdeutsche Landesbank Girozentrale

Badische Kommunale Landesbank - Girozentrale - Berliner Handels- und Frankfurter Bank

Delbrück & Co.

Hessische Landesbank - Girozentrale - Landesbank Schleswig-Holstein

Morgan Guaranty GmbH

Sal. Oppenheim Jr. & Cie.

Union Bank of Switzerland (Securities) Limited

Württembergische Kommunale Landesbank Girozentrale

U.S. Thrift Plan to Involve Nonbanks

By Nathaniel C. Nash
New York Times Service

WASHINGTON — The Treasury is developing a rescue plan for the ailing U.S. thrift industry under which nonbanking organizations, such as Sears, Rockwell & Co. and others, would be invited to buy insolvent savings and loan associations and convert them into commercial banks, according to a senior Treasury official.

The plan, which would involve scores of insolvent thrifts, would put the Treasury in direct opposition to the Federal Home Loan Bank Board. The board has sought to bar entrance into the savings and loan industry by financial conglomerates.

The tentative Treasury plan, disclosed Tuesday by an official who refused to be identified, represents a view within the Reagan administration that the thrift industry should gradually be merged into the much stronger commercial banking.

Such conversions could significantly shrink the size of the U.S. thrift industry. While well over 1,000 healthy institutions earned record profits this year, another 300 to 400 thrift units were essentially insolvent, according to industry estimates. The General Accounting Office, an arm of Congress, estimated a few weeks

ago that another 1,300 thrift institutions were approaching insolvency as of the end of October.

The Treasury's draft plan, which the Treasury believes would not require legislation, would represent a major curtailment of nonbanking organizations' entry into the banking industry in circumvention of federal laws.

The Treasury official said that in any solution to the thrift industry's problems, substantial sources of new capital would have to come from the private sector.

"When you look at the available sources of funds, the government is not about to come up with any money at this time of deficit," he said.

"And there is just so much you can get from the thrift industry itself, so that leaves the private sector. When you get a realistic proposal from someone like a Sears, you should listen to it very carefully."

The Treasury could encounter some opposition from the new Comptroller of the Currency, Robert L. Clarke. He told reporters Wednesday that he would oppose nonbanking concerns entering the banking industry through purchase of insolvent thrift institutions, unless they came under the same regulatory restrictions as bank holding companies. But he did say he would

favor commercial banks' buying thrift units and converting them to commercial bank charters as a means to infuse capital.

The Treasury plan also faces opposition from the Federal Home Loan Bank Board — the regulatory agency for the thrift industry. The board has indicated that Sears was not welcome as a bidder for troubled thrift units because of its brokerage subsidiary, Dean Winter Reynolds Inc.

But faced with a potential need for \$16 billion in new capital over the next three or four years, industry sources said the bank board might come under pressure by the Treasury to change its position.

Doug Fairweather, a spokesman

for Sears in Chicago, would not say whether Sears had made a specific proposal to the Treasury, but added: "Until the early 1980s, it was known that we saw the acquisition of troubled thrifts as a way to expand our presence in the deposit-taking and lending activity. But then that was cut off by the present bank board."

Sears, J.C. Penney Co., Merrill Lynch & Co. and others have also been pushing to get into the banking business through legal loopholes that allow them to set up a deposit-taking institution that makes consumer loans, but not commercial loans.

(Continued from Page 15)

begins just about the time most tax-selling has run its course. Second, reinvestment hits the market in early January. Third, psychology improves around the holidays, giving investors added incentive to buy.

Normally, Mr. Zweig added, year-end strength tends to begin the day before Christmas and lasts through the first trading day of January, usually about an 11-day stretch. Over the past 20 years, he noted, an index giving equal weight to all New York Stock Exchange issues has risen 17 times while falling in only three of those periods.

Presently, Mr. Zweig has his clients 100 percent invested in stocks.

Robert Farrell, chief market analyst at Merrill Lynch, also sees Wall Street currently at peak momentum. "This should help carry it through year-end into early January," he said.

Nevertheless, with all the recent positive developments on U.S. taxes and the budget deficit, he asks: "Is this a 'good-news' final top?" such as late-in-the-year rallies that occurred in 1972, 1976 or 1983.

"The answer is probably not," Mr. Farrell said. "The move is too

broad and powerful for a last-gasp rally. In order for a meaningful decline of more than 10 percent to set in, we should see interest rates start to rise and some form of speculative excess that insults consistency and a narrowing of breadth again."

While he added that investors should be "on guard against a blow off or buying-climax stage developing after such a long rise, the signs of speculative enthusiasm and churning usually associated with such a stage are still minimal."

If Wall Street does consolidate, Salomon Brothers' Lazard Birny, it offers a refuge. His analysis of how different stocks performed in rest periods after initial market surges of August 1982 and 1984 show that the best sector to be in was property/casualty insurers.

Aluminums were the worst performers, he said, "with all the major basic industries substantially underperforming during consolidation periods following market gains." Other areas that did poorly, he noted, were autos, cosmetics, energy services, hospital stocks, instrumentation and semiconductors.

The pound was quoted in London at a low of \$1.4185 after a large sell order provoked by a statement from Iraq's oil minister, Qassem Ahmed Taqi. He said OPEC was

determined to protect its share of the world crude oil market despite the harmful effect of lower oil prices.

One U.S. bank dealer said the market was so thin that people were just reacting to isolated pieces of news.

The relative lack of interest in the dollar was illustrated by its level against the Deutsche mark. In Frankfurt, the dollar was fixed at 2.5103 DM on Wednesday, very slightly down from 2.5120 on Tuesday.

Softer U.S. credit markets Wednesday after Tuesday's poor response to the Treasury's auction of two-year notes may have underpinned the dollar in afternoon trading, dealers said.

The high 24-percent opening yield was also a supportive factor. Fed funds closed Tuesday at 7.75 percent.

In Zurich, the dollar closed at 2.1133 Swiss francs on Wednesday, up from 2.1030 on Tuesday. In Paris, the U.S. currency was fixed at

7.712 French francs, up from 7.692.

Monetary Policy Prospects

Marta Seger, a governor of the Federal Reserve Board, has indicated that further easing in monetary policy in the near future is unlikely, according to an article published in the American Banker newspaper, Reuters reported from New York.

The newspaper story Tuesday said that Mrs. Seger told a group of credit union officials in Dallas last week that the Fed had discontinued its practice of managing monetary policy by controlling money supply, as many have suspected.

The report gained circulation in the financial markets Wednesday and helped produce a bond market retreat because it dashed hopes for a quick cut in the discount rate from 7.75 percent.

According to the report, Mrs. Seger also said the dollar's value had fallen enough, indicating that the Fed was unlikely to ease monetary policy further. Easing would lower interest rates and spur additional dollar declines.

CURRENCY MARKETS

Dollar Gains as Yen, Pound Weaken

Reuters

LONDON — Auditors have discovered serious legal violations at the state-owned Agricultural Bank of China, including the withholding of more than \$9 million payable to the government, it was reported Wednesday.

The bank, which holds millions of dollars in rural savings, was investigated after officials learned its Hunan province branch had falsified its 1984 annual report, the English-language China Daily reported. The branch president was dismissed.

The case led to an audit of all agricultural bank branches in the country, starting last April. The auditor-general Lu Peijian, was quoted as saying that his staff had uncovered \$2.8 billion worth of tax evasion, fraud and waste.

"We have finished checking the reports and are dealing with a number of cases of serious violation of economic and financial laws," Mr. Lu said.

The auditing administration, with 26,000 staff, was formed in September 1983 to tighten financial discipline under Deng Xiaoping, China's paramount leader.

Auditors Say Chinese Bank Kept \$9 Million From State

The Associated Press

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Wall Street Awaits Big Rally

(Continued from Page 15)

begins just about the time most tax-selling has run its course. Second, reinvestment hits the market in early January. Third, psychology improves around the holidays, giving investors added incentive to buy.

Normally, Mr. Zweig added, year-end strength tends to begin the day before Christmas and lasts through the first trading day of January, usually about an 11-day stretch. Over the past 20 years, he noted, an index giving equal weight to all New York Stock Exchange issues has risen 17 times while falling in only three of those periods.

Presently, Mr. Zweig has his clients 100 percent invested in stocks.

Robert Farrell, chief market analyst at Merrill Lynch, also sees Wall Street currently at peak momentum. "This should help carry it through year-end into early January," he said.

Nevertheless, with all the recent positive developments on U.S. taxes and the budget deficit, he asks: "Is this a 'good-news' final top?" such as late-in-the-year rallies that occurred in 1972, 1976 or 1983.

"The answer is probably not," Mr. Farrell said. "The move is too

broad and powerful for a last-gasp rally. In order for a meaningful decline of more than 10 percent to set in, we should see interest rates start to rise and some form of speculative excess that insults consistency and a narrowing of breadth again."

While he added that investors should be "on guard against a blow off or buying-climax stage developing after such a long rise, the signs of speculative enthusiasm and churning usually associated with such a stage are still minimal."

If Wall Street does consolidate, Salomon Brothers' Lazard Birny, it offers a refuge. His analysis of how different stocks performed in rest periods after initial market surges of August 1982 and 1984 show that the best sector to be in was property/casualty insurers.

Aluminums were the worst performers, he said, "with all the major basic industries substantially underperforming during consolidation periods following market gains." Other areas that did poorly, he noted, were autos, cosmetics, energy services, hospital stocks, instrumentation and semiconductors.

The pound was quoted in London at a low of \$1.4185 after a large sell order provoked by a statement from Iraq's oil minister, Qassem Ahmed Taqi. He said OPEC was

determined to protect its share of the world crude oil market despite the harmful effect of lower oil prices.

One U.S. bank dealer said the market was so thin that people were just reacting to isolated pieces of news.

The relative lack of interest in the dollar was illustrated by its level against the Deutsche mark. In Frankfurt, the dollar was fixed at 2.5103 DM on Wednesday, very slightly down from 2.5120 on Tuesday.

Softer U.S. credit markets Wednesday after Tuesday's poor response to the Treasury's auction of two-year notes may have underpinned the dollar in afternoon trading, dealers said.

The high 24-percent opening yield was also a supportive factor. Fed funds closed Tuesday at 7.75 percent.

In Zurich, the dollar closed at 2.1133 Swiss francs on Wednesday, up from 2.1030 on Tuesday. In Paris, the U.S. currency was fixed at

7.712 French francs, up from 7.692.

Monetary Policy Prospects

Marta Seger, a governor of the Federal Reserve Board, has indicated that further easing in monetary policy in the near future is unlikely, according to an article published in the American Banker newspaper, Reuters reported from New York.

The newspaper story Tuesday said that Mrs. Seger told a group of credit union officials in Dallas last week that the Fed had discontinued its practice of managing monetary policy by controlling money supply, as many have suspected.

The report gained circulation in the financial markets Wednesday and helped produce a bond market retreat because it dashed hopes for a quick cut in the discount rate from 7.75 percent.

According to the report, Mrs. Seger also said the dollar's value had fallen enough, indicating that the Fed was unlikely to ease monetary policy further. Easing would lower interest rates and spur additional dollar declines.

THE EUROMARKETS

Trading Is Quiet; Another Yen Issue Emerges

By David Ress

Reuters

LONDON — Eurobonds generally closed unchanged to Wednesday in quiet trading as another borrower tapped the Euroyen market, dealers said.

Investor interest is almost at a standstill in most sectors of the market, so steadily firming Euroyen bond prices are offering bond dealers very attractive rates, dealers said.

Following Wednesday's 10-billion-yen issue for CSX Corp., dealers said they expect at least one more new issue to emerge in the Euroyen sector before the end of the week. Crédit Foncier de France, they predicted, will shortly launch a fixed-rate Euroyen bond, possibly as early as Thursday.

Trading in more seasoned dollar-denominated issues was listless, although dealers said Texaco Inc. is issues jumped on news that U.S.

federal court in New York issued a temporary restraining order blocking enforcement of the \$11.1-billion award won against Texaco by Pennzoil last month.

Texaco Capital NV's 11.4%-percent convertible bond due 1994 and 11.6%-percent convertible due 1994 both rose two points on the news to close at 97 and 97 1/2 respectively.

Other convertibles firmed slightly, as did fixed-rate dollar bonds.

With expectations of a U.S. discount-rate cut already reflected in bond prices, dealers attributed Wednesday's firming trend to some short covering, as investors move to firm squaring positions ahead of the year-end, dealers said.

They said floating-rate notes were steady in almost completely inactive trading.

Commodore, Atari in Holiday Showdown

(Continued from Page 15)

home-software producer. "There is a lot of inbounding floating around about both machines."

In the software campaign, Atari has an early lead. Many industry experts were surprised to see more than 30 companies displaying programs at a huge Atari booth at Comdex, the personal-computer industry trade show held in Las Vegas late last month.

For the Amiga, there is virtually no software yet, and this threatens to slow sales. "There's nothing to do with it," said David Lau, president of Island Micro Systems, in Minneapolis, which sells to large businesses.

But the leading business software companies, such as Lotus Development, Microsoft and Ashton-Tate, have not committed to either the Amiga or the Atari. This could end up the biggest problem for the Amiga and the ST, since the industry analysts think the number is smaller and say that Commodore seems to have better distribution.

Mr. Farrell said. "The move is too

soon to tell," he said. "It's not clear that the business-computer user really cares about colorful graphics."

In terms of distribution, neither company has been able to attract the top chains, such as Computerland or Businessland, and, instead, have gone more to independent stores. Commodore says that its product is carried in more than 700 stores and that there is a long waiting list of dealers. An Atari vice president, Michael Katz, said the ST is carried in 1,000 outlets, but industry analysts think the number is smaller and say that Commodore seems to have better distribution.

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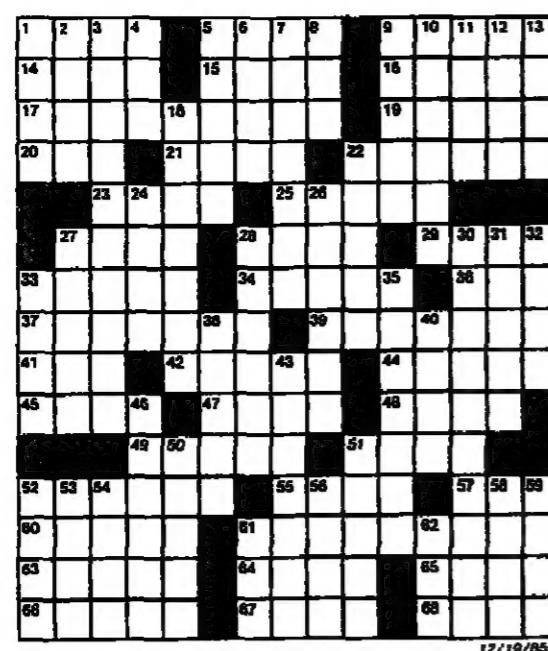
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ACROSS

- 1 Crate
- 5 Austin heroine
- 9 Kudos for Domingo
- 14 Twinge's relative
- 15 Sturden
- 16 Asian lemur
- 17 Bowery lodging
- 19 Gather
- 20 Pile-driver head
- 21 Gibbons
- 22 Ericaceous shrub
- 23 "Louisiana Hayride" author
- 25 Commercial writers
- 27 Consign
- 28 A Russian people
- 29 Strikebreaker
- 33 Exec's helper
- 34 Street signs
- 36 Catching place for Caulfield
- 37 Puzzling prettexts
- 38 Product sold by Paul Newman
- 41 Dazzle
- 42 Orchestral passage
- 44 Wished for
- 45 Simple

DOWN

- 47 Cole Porter's "— to Dance"; 1936
- 48 Some
- 49 Silk fabric
- 51 Asian language
- 52 Shoot
- 55 Pasteur's portrayer
- 57 Disseminate
- 60 Not netman
- 61 Sidewalk sport
- 63 — Stover, Huie heroine
- 64 Lamb who had a Mary
- 65 Rose that blossomed in Cincinnati
- 66 Bay.
- 67 Canadian port
- 68 Homer's one-horse town
- 69 DOWN
- 1 Finn's craft
- 2 Defenders
- 3 Little Nell's Grandfather, e.g.
- 4 Get-up-and-go
- 5 Get up and go?
- 6 Grimace
- 7 Knead
- 8 He wrote "Doc Horne"
- 9 Pioneer
- 10 Epistle recipients
- 11 Asian sea
- 12 Clam
- 13 Greek peak
- 14 Fresh release
- 15 — mundi
- 24 — acids
- 26 Call on, informally
- 27 Little Eva's Creator
- 30 Open
- 33 Crooked deal
- 34 Glorious
- 35 Potato, e.g.
- 36 Vibrant
- 46 Bakery offering
- 50 Change type
- 51 Retract
- 52 Syrian city
- 53 Spoken
- 54 Green shade
- 55 — the air (unsettled)
- 58 Eight: Comb. form
- 59 Muffet favorite
- 61 Drill sergeant's call
- 62 Choose

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DENNIS THE MENACE



"Phew! Your beard smells like mothballs again this year!"

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

NILEN

DAAHE

GAIMBY

VORCLE

WHAT SHE SAID TO HERSELF WHEN THE CARDPLAYER PROPOSED MARRIAGE.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here:

(Answers tomorrow)

Yesterday's Jumble: AUDIT NEWLY RAVAGE TRICKY

Answer: Whom to call if you're planning to give a banquet for your cat? —THE "CAT-ERER"

WEATHER

EUROPE

HIGH

LOW

Wind

Clouds

Rain

Temp

Humidity

Blood Clots Threaten Life Of 'Odyssey'

The Associated Press

HIALEAH, Florida — Stephan's *Odyssey*, the uninsured race horse worth \$10 million, has developed blood clots in his broken front left leg and may have to be destroyed, according to one of the veterinarians treating the thoroughbred.

"There is severe soft-tissue damage," Dr. Stephen Selway said Tuesday, adding that "it is questionable if there's enough blood supply to sustain tissue in the lower limb."

A decision on whether to operate on the 3-year-old, who has earned \$1,255,328 in 16 races, has been put off until at least Thursday because of the clotting, he said.

Stephan's *Odyssey* broke his left front sesamoïd bone, in the equivalent of a human knuckle, after a half-mile workout Sunday at Hialeah Park. Jenny Osteen, the track's director of special promotions, said the colt "pulled up at the mile pole and his ankle collapsed."

Odyssey has won 10 of 16 starts.

